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FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY SEPTEMBER 23 1994 — D8523A

Unilever concedes detergent can damage clothes

By Roderick Oram in Beijing

UNILEVER yesterday admitted that its revolutionary detergent launched this spring under the names Persil Power and Omo Power was "defective".

The detergent has been at the centre of an acrimonious row between Unilever and Procter & Gamble, its US arch rival in the £6bn a year European detergent market, following claims that it damaged some types of clothing in repeated high temperature washing.

Its formula was revised and a new version launched in June.

"We made a mistake. We launched a product which had a defect which we had not detected," Mr Morris Tabaksblat, co-chairman of the Anglo-Dutch consumer products group, said yesterday. The relaunched product had remedied the problem.

The original launch had followed two years of consumer tests.

In the first explanation by a senior executive of the problems, he said: "I think we were very enthusiastic about an exciting new product ... and did not look closely enough at the negatives.

"Somewhere between research and marketing, something went wrong ... under the normal presure to be first to the market."

The detergent, sold under the Persil name in Britain but as Omo on the Continent, contains manganese catalyst "accelerator". This was found to react badly to certain dyes in extreme conditions. The reformulated version uses less of the accelerator.

Speaking in Beijing on the eve of the opening of Unilever's Walls ice-cream plant in the city and the announcement of the company's eighth joint venture, its second detergent business in China, Mr Tabaksblat said one key issue appeared to be a lack of "appropriate safeguards" in tests before the launch. At high temperature and with repeated use, the manganese catalyst reacted badly with certain new textile dyes, which "were not in our test battery."

He expressed, however, full confidence in Unilever's researchers, who bring an average of about one new product a day to markets around the world.

The new formulation should prevent a recurrence of the problem, Mr Tabaksblat said. Any adverse effect on clothes would happen more slowly and well outside garments' normal life-span. All detergents caused some minor damage to clothes after repeated washings.

The Dutch consumers' association said last week its own tests on the new formula still caused unacceptable damage to clothes and was no more effective at washing clothes than other cheaper detergents.

Mr David Veitch, Procter & Gamble's European vice-president of public affairs, said the consumer association's tests showed there continued to be a problem even with the reformulated product.

World Bank plans $165m operating budget cut

By George Graham in Washington

The World Bank plans to slash its operating budget by about $165m over the next two years to respond to calls for a leaner organisation.

Mr Lewis Preston, the bank's president, has asked vice-presidents with responsibility for operational areas to cut their administrative budgets by 5 per cent in the fiscal year starting next July 1, and by as much again the following year.

Support divisions have been asked for an even sharper 6.5 per cent cut in administrative expenses.

The proposal is already fuelling a row between some industrialised countries – especially the US, Canada, Australia and the UK – which have long argued that there is plenty of fat to trim from the bank's comfortable operating budgets and well-padded salary structure, and borrower countries who fear cuts could jeopardise the quality of services.

The World Bank's administrative budget has climbed by 32 per cent over the past three years to about $1.4bn for the fiscal year which began in July. Mr Preston's proposed cuts would roll spending back to just above the fiscal 1993 level.

World Bank officials said the proposal was Mr Preston's own, and had not been sought by the board of executive directors who represent the shareholding countries.

"I don't believe the president would propose this if he believed it would cut the bank's services to poverty reduction and development. I think he just thinks he can do the job better with a leaner institution," one official said.

Each vice-president receives a cash budget, and could choose to meet the target by measures such as cutting the number of staff, curbing travel costs or putting off equipment purchases.

"The majority of the board feels we really have to be very careful about this because the Bank does a lot," said Mrs Eveline Herfkens, a World Bank executive director from the Netherlands, who represents a constituency of borrowing countries from eastern Europe and the former Soviet Union.

"If we want to continue to do

Continued on Page 16

British and US air strike signals a firmer stance in former Yugoslavia

Nato jets retaliate for attack by Bosnian Serbs

By Bruce Clark in Brussels and Bernard Gray in London

Nato aircraft yesterday attacked Serb positions near Sarajevo, knocking out at least one tank, in apparent retaliation for two incidents earlier in the day in which French soldiers serving with the United Nations came under fire.

In the more serious attack on UN troops, a French armoured personnel carrier was hit by a rocket-propelled grenade as it monitored a fire-fight between Bosnian Serb and Moslem-led Bosnian army forces. One soldier was injured in the attack.

Major Herve Gourmelon, a UN spokesman in Sarajevo, confirmed that an air strike had taken place, but refused to provide details of the target or to confirm whether the attack had been successful.

The strike, in which British and US aircraft took part, is the latest sign that the allies are taking a firmer stance towards the former Yugoslavia. The Atlantic alliance, urged on by United States, has been pressing hard in recent days for a more vigorous effort to counter the Bosnian Serbs, who have rejected an internationally sponsored peace plan and been isolated by their kinsmen in Serbia.

The US administration has promised the powerful pro-Bosnian lobby in Congress that it will start moves to lift the UN arms embargo against Bosnia unless the Serbs accept the peace plan by October 15. European governments have warned the US government that this move could lead to a disastrous escalation of fighting in Bosnia and sour transatlantic relations.

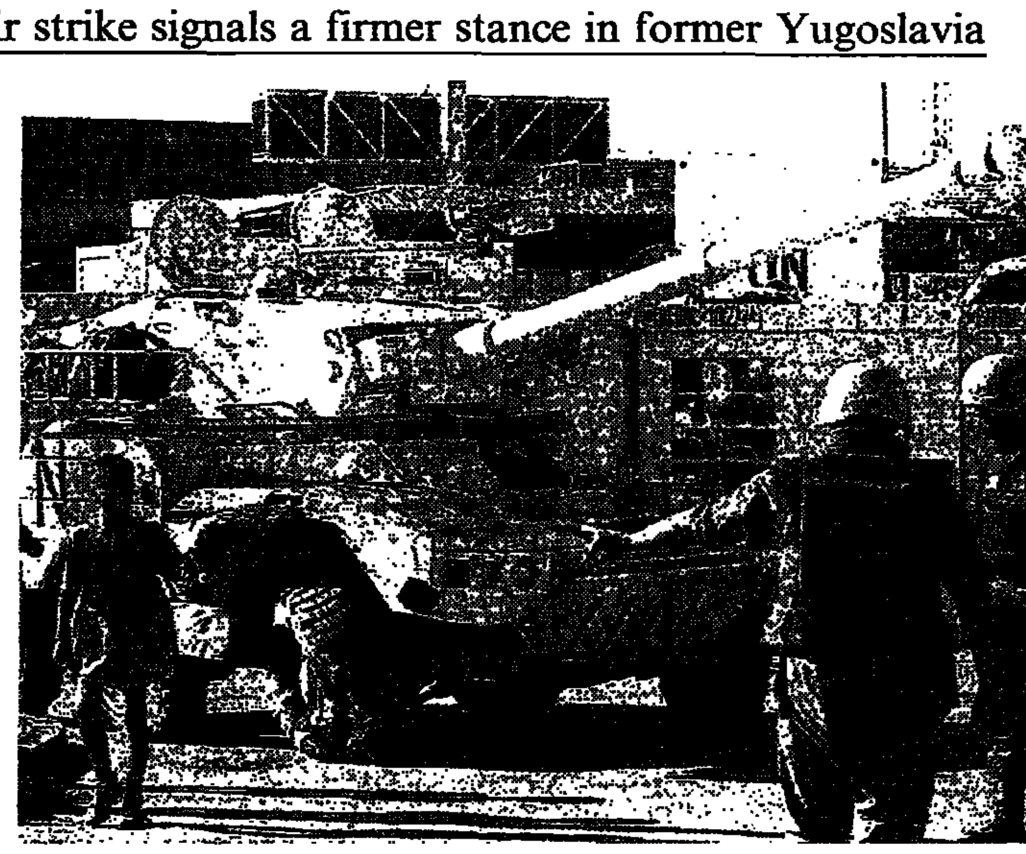
The White House, which disclosed news of yesterday's air raid, has been pressing for tougher enforcement of existing policies in Bosnia in the apparent hope of assuaging pressure for a unilateral US decision to supply arms to the Bosnian government.

General Bertrand de Lapresle, commander of UN forces in former Yugoslavia, described the air strike as a "proportionate, adequate," reaction to the attacks on UN forces in Sarajevo.

The air strike is the first since August 5 and comes at a time of increasing tension in Bosnia. General Sir Michael Rose, the UN commander in Bosnia, this week demanded the removal of six confirmed and 12 suspected Serb artillery pieces from the 20km exclusion zone around Sarajevo. This followed artillery fire on Sunday which killed two people and injured 18 in the worst fighting near the city since the zone was established in February.

Senior Nato officials have also been in touch with the UN to press for a stricter interpretation of the rules under which heavy weapons in Sarajevo and the enclave of Gorazde – and any forces which attack the UN anywhere in Bosnia – are subject to air strikes.

UN commanders have insisted that they are better judges than Nato of when air strikes are appropriate. However, yesterday's air action seemed to have the full support of both international organisations.



Associated Press

A damaged French United Nations light tank returns to base after being hit by a rocket-propelled grenade fired from Bosnian Serb army positions. A French UN soldier was wounded in the attack.

French state bank holds back results

By Andrew Jack in Paris

Crédit Lyonnais, the troubled French state-controlled banking group, surprised the markets by postponing publication of its results for the first half of 1994 yesterday. The move aroused fears about additional provisions still required to cover its heavy losses.

The bank said the results were unlikely to be released for several days because of a board decision pending completion of "certain analyses" in progress.

Sources close to the bank said the delay was caused by a failure to complete discussions with the government about the way in which extra financial support should be provided.

News of the postponement helped to prompt a sharp fall in price of the group's non-voting shares and reinforced speculation about substantial additional provisions that may be required as part of its restructuring.

Crédit Lyonnais lost FFr6.9bn ($1.30bn) last year, one of the biggest losses in French corporate history.

In July, the bank was the subject of a highly critical report from the government.

The bank admitted that the

Continued on Page 16
World stocks, Page 39

Japanese coalition agrees tax package

By William Dawkins in Tokyo

Japan's ruling coalition of conservatives and socialists last night agreed a package of income tax cuts worth Y16,500bn ($168bn) over the next three years, to be followed by a rise in sales tax, bolstering the fragile economic recovery and giving the government added stability.

The unpopular sales tax – similar to Europe's value added tax – will rise in April 1997 from 3 per cent to 5 per cent. It is needed to compensate for an expected decline in the income tax base caused by the tax cuts and an ageing population.

Agreement between the three parties in the coalition paves the way for the end of a divisive year-long argument over fiscal reform. It marks new stability in the coalition, which had looked shakier than its short-lived predecessors on taking office at the end of June.

Until a few days ago, the Social Democratic party of Mr Tomiichi Murayama, the prime minister, opposed an increase in sales tax. But Mr Murayama changed his mind in return for a promise from the Liberal Democratic party – his enemies until the SDP joined forces with them three months ago – to spend the extra revenue on welfare.

Washington has been pressing for tax cuts to stimulate domestic demand in the hope of reducing the trade surplus, but wanted Japan to defer the rise in sales tax for as long as possible. Accordingly, the deal drew a cautious welcome from the US. Mr Walter Mondale, US ambassador to Japan, said the package was positive but not perfect.

The income tax cut consists of a Y3,500bn per year permanent reduction, plus Y2,000bn annually of temporary cuts, to last until March 1997. The government will decide six months before then whether the temporary cuts should continue, bearing in mind the scope of economic recovery.

At the same time, it will review whether to change the size of the increase in sales tax. That will depend on the amount of savings in administrative spending achieved by then, in response to a demand by the New Harbinger party, the coalition's smallest member, which is led by Mr Masayoshi Takemura, finance minister.

The government will submit the tax reform package to the next session of parliament, starting at the end of this month, and hopes to pass it into law by the end of the year, in line with a promise to Japan's Group of

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Semtex explosive found at IRA breakout prison

British police discovered three detonators and half a kilogram of Semtex explosive at a prison in England at which five IRA terrorists staged an armed breakout earlier this month. The discovery – on the eve of the first Anglo-Irish intergovernmental conference since last month's IRA ceasefire – looked set to put both UK home secretary Michael Howard and the Northern Ireland peace process under new pressure. Mr Howard described the find as a "very very grave" matter indeed. Washington procession, Page 9

Cédras says he will not leave Haiti: General Raoul Cédras, Haiti's military leader, repeated that he would not leave the country after he steps down from power next month. He told CBS TV late on Wednesday night that the Haitian constitution "forbids exile". Page 4

Volkswagen's finance director, Werner Schmidt, is expected to be ousted shortly as a consequence of last year's near collapse of the group's Spanish subsidiary, Seat. Page 17

UK vetoes EU plan for paternity leave

The UK vetoed European Union attempts to extend statutory parental leave to fathers, and formalised its divorce from its 11 partners on EU social policy. UK employment secretary Michael Portillo, (above) said plans to give new fathers the right to three months' unpaid leave would be "immensely disruptive and destructive". Page 16; EU launches IT debate, Page 2; Editorial Comment, Page 15

Wheat stocks fall: World stocks of wheat are set to drop to their lowest level in 14 years after a fall in international output and a rise in consumption, the International Wheat Council said. Prices have risen about 30 per cent since early July. Page 32

Guinness, spirits and brewing group, disappointed the City of London with its interim results – then surprised it by choosing Finn Johnsson, head of a Swedish building company, to lead United Distillers. Page 17; Lex, Page 16

S Africa rated BB: South Africa was rated BB by European credit rating agency, Ibca, in its first formal assessment since April's elections, placing it alongside countries such as Mexico, Hungary and Argentina. Page 16; Thatcher row, Page 9

Chinese encouraged to buy cars: China will soon begin providing incentives to individual car buyers to help boost its fledgling automotive sector as part of a policy aimed at encouraging widespread car ownership. Page 6

UK to seek procurement clampdown: The UK plans to urge the European Commission to step up its monitoring of the £500bn a year European public procurement market in an attempt to reduce alleged malpractices by member states. Page 9

French minister accused of corruption: France's sports and youth minister, Michèle Alliot-Marie, was reported to be under investigation for receiving payment from pharmaceutical companies while a member of the health ministry's drug approval committee in the 1980s. Page 2

Gatt chief warns on pact: Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, said ratification of the Uruguay Round trade accords was "moving in the right direction" but warned that stated intentions had yet to be reflected in results. Page 5

Danish coalition talks begin: Poul Nyrup Rasmussen, Denmark's Social Democratic party leader, prepared to form his second administration, despite the beating his centre-left coalition suffered in Wednesday's general election. Page 3

Israel to attend Morocco talks: Israel, Jordan, Tunisia, Egypt, Saudi Arabia and the Palestinian self-rule areas had accepted invitations to an unprecedented Middle East economic conference in Casablanca in October, said Israel's foreign minister Shimon Peres. Page 6

Pope delays US visit: Pope John Paul, 74, beset by health problems for the past two years, postponed a visit to the US until late 1995 so he can fully recover from surgery for a broken leg.

■ STOCK MARKET INDICES		
FT-SE 100	3,021.2	(+5.4)
Yield	4.18	
FT-SE Eurotrack 100	1,334.32	(-6.02)
FT-SE-A All-Share	1,517.35	(+0.1%)
Nikkei	19,833.67	(-51.71)
New York lunchtime		
Dow Jones Ind Ave	3,855.3	(+3.7)
S&P Composite	462.97	(+1.51)
■ US LUNCHTIME RATES		
Federal Funds	4¾%	
3-mo Treas Bills: Yld	4.916%	
Long Bond	96½	
Yield	7.769%	
■ LONDON MONEY		
3-mo Interbank	5⅞%	(5⅞%)
Liffe long gilt future	Dec 98⅞	(Dec 98⅞)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Nov)	$16.28	(16.185)
■ Gold		
New York Comex (Dec)	$399.0	(397.8)
London	$393.5	(394.8)

■ STERLING		
New York lunchtime:		
$	1.5775	
London:		
$	1.5762	(1.5781)
DM	2.4411	(2.438)
FFr	8.348	(8.3335)
SFr	2.0276	(2.019)
Y	154.581	(154.18)
£ Index	79.8	(79.7)
■ DOLLAR		
New York lunchtime:		
DM	1.5475	
FFr	5.2915	
SFr	1.2855	
Y	98.05	
London:		
DM	1.5488	(1.5449)
FFr	5.2952	(5.2807)
SFr	1.2865	(1.2794)
Y	98.075	(97.7)
$ Index	62.0	(61.9)
Tokyo close Y 97.54		

Austria	Sch30	Greece	Dr250	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$15	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	[illegible]	[illegible]	Singapore	S$4.30
Bulgaria	[illegible]	Iceland	[illegible]	Neth	Fl 4.25	Slovak Rp	SKL50
Cyprus	[illegible]	India	[illegible]	Nigeria	[illegible]	S.Africa	R12.00
Czech Rp	[illegible]	Israel	[illegible]	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	[illegible]	Pakistan	Rs40	Switz	SFr3.30
Estonia	[illegible]	Jordan	[illegible]	Philippines	Pso50	Syria	S£50.00
Finland	FM14	Kuwait	[illegible]	Poland	[illegible]	Tunisia	Din1.500
France	FFr8.50	Lebanon	US$1.50	Portugal	[illegible]	Turkey	L30000
Germany	DM3.50	Lux	LFr65	[illegible]	[illegible]	UAE	Dh12.00

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Talks open today on how the single market will cope with the surge in information technology

EU launches debate on new rules for IT

By Emma Tucker in Brussels

A crucial debate on the future of the European single market opens in Germany today as ministers launch talks on how to handle the expected explosion in information technology.

The outcome will shape the development of information services such as interactive television, computer-learning and electronic banking across the European Union, areas still seen as the missing link in the single market.

The argument today revolves around whether existing rules on the free movement of goods and services and mutual recognition of other countries' rules can provide the right framework for investment in information technology or whether there is a need for supra-national regulation.

Mr Raniero Vanni d'Archirafi, the European Commissioner responsible for the single market, is expected to argue that present legislation is adequate in most areas and that there is no need for a centralised European regulatory authority.

Four areas – the protection of intellectual property rights, data protection, encryption and media concentration – have been pinpointed as needing special attention and legislation is being prepared.

However, this week the European Commission backed away from proposals to harmonise laws on media ownership, worried that European-wide action could trigger a backlash among member states.

The debate on the future of the service sector has also revealed an ideological faultline inside the commission.

Officials responsible for the single market believe that too much regulation risks fragmenting the market and creating an inflexible environment for investment.

However, an action plan stemming from a report by Mr Martin Bangemann, the industry commissioner, on the information society, talks of the need to establish an authority at a European level.

"Whilst fully respecting the subsidiarity principle, the commission will launch in-depth studies to examine institutional aspects and to see which activities at present exercised by the member states and the commission might be entrusted to such an authority," says the report.

Those responsible for industry and telecommunications in the commission are said to be uneasy about seeing the information society develop in a relatively unregulated fashion.

However, they deny there is any difference within the commission about how best to proceed, arguing that the way ahead is laid out clearly in Mr Bangemann's action plan, and that the most pressing need is to present industry with a consistent approach.

Another argument is over how much emphasis should be put on protecting consumers of the new services offered by the information superhighways against the providers.

"We want to achieve an internal market in information services," said an official from the directorate responsible for the single market. "To do that, you need to have a balanced approach that takes into account all groups involved – industry, users, rights holders and consumers – and not just industry."

The debate comes as officials and ministers, generally satisfied that goods are moving freely around the community, have realised the need to focus on the potential economic benefits from the free movement of services, particularly information services, across the borders of the 12 member states.

German optimism prompts concern

By Quentin Peel in Bonn

The growing mood of optimism about Germany's economic recovery, fuelled by senior ministers campaigning for re-election next month, is causing great concern in the country's business community.

Industry fears that, in contrast to the gloomy British, Germans are falling for the "feelgood factor" too fast. And that could mean that they ease up too soon on the process of drastic cost-cutting and restructuring needed to make German industry competitive once again.

On the one hand, leaders of the main business lobbies are delighted at the turnaround in economic fortunes, which has raised the latest growth forecasts of the economics ministry to 2.5 per cent for this year, and 3 per cent in 1995.

On the other, they fear the recovery will revive wage demands from trade unions forced to accept real income losses over the past two years, and ease the pressure on the government to cut spending and curb its borrowing requirement, and on industry to reduce plant-level costs.

"It is still not 12 months since Germany was gripped in a mood of deep foreboding about the future," the German Industry Federation (BDI) said this week. The severe recession had exposed more than ever the symptoms of competitive weakness in the German economy, and unleashed a national debate on how to revive the country's competitive advantage.

Yet this autumn, the mood has already been transformed to one of optimism, with all the economic statistics confirming the recovery process, including increased industrial orders, a recovery of manufacturing production, and a strong growth in exports, the traditional motor of the German economy.

"The optimism is certainly exaggerated, if it means that sections of industry which were classified only a few months ago as the sickest parts of the economy are today being seen as the standard-bearers of a new upswing," the BDI thundered. "The structural crisis of German industry is not and was not simply a figment of the imagination, but a very real challenge."

The message from the BDI, reflecting similar fears at the German employers' federation (BDA), is clearly to cool it, election or not. But the other big national lobby for the business community, the German chambers of commerce and industry (DIHT), is altogether more sanguine.

"I have been accused of talking the economy up," Mr Hans-Peter Stihl, the president of the DIHT, said yesterday. "But the results of our surveys confirmed it."

CSU leaves Strauss scandals behind it and reasserts its Bavarian dominance

Michael Lindemann previews state elections that promise little cheer for the SPD

The Social Democrats in Bavaria, condemned for decades to thankless opposition in Germany's most conservative state, call it the "black country".

They mean Wolfratshausen, a prosperous little town nestling on the river Loisach just south of Munich, and an area which boasts the second highest per capita income in the country.

It is also the home town of Mr Edmund Stoiber, the Bavarian state premier, and an undisputed stronghold of his ruling Christian Social Union, the sister party of Chancellor Helmut Kohl's Christian Democratic Union.

Four years ago 55 per cent of the constituency backed the conservative and Roman Catholic CSU, the party which has ruled the staunchly-independent Free State of Bavaria with an absolute majority since 1962.

Last week Mrs Renate Schmidt, the Bavarian SPD leader, took the battle to the heart of enemy territory, for a full-scale rally, complete with beer and brass band, in the Wolfratshausen town hall.

She is the liveliest candidate the party has fielded in the state for years. Yet Mrs Schmidt looks unlikely substantially to improve her party's fortunes. Just as the SPD has slipped behind the CDU in polls for the general election on October 16, so the party in Bavaria has seen its hopes of unseating the mighty CSU fading.

Earlier this year there seemed to be some chance that the SPD might dislodge a CSU reeling from a series of corruption scandals. Mr Stoiber's predecessor, Mr Max Streibl, was forced to resign after accepting holidays from a wealthy business friend.

Since then, the reign of the late Mr Franz Josef Strauss, father figure of the CSU and the strongman of Bavarian politics since the war, has been tarnished with further accusations of shady deals. For example Mr Eduard Zwick, a multi-millionaire spa resort operator, who fled to Switzerland to escape prosecution for income tax evasion, claimed that he had been promised protection by Mr Strauss.

But the SPD's attempts to tar Mr Stoiber with the brush of scandal have singularly failed. In the European parliament elections in June the opposition managed only 23.7 per cent of the vote, its worst-ever European result in the state.

"That (tactic) doesn't work any more," says Mr Julian Gyger, an SPD spokesman. Instead, Mrs Schmidt focuses on the need for more jobs and less nuclear energy.

Beer and bravado in Bavaria: the SPD's candidate Renate Schmidt

Mr Stoiber became state premier last May and admits he took over a party which was "insecure". Once Mr Strauss's closest personal adviser, and then a tough interior minister, he immediately demonstrated his political touch, axing an array of official privileges, such as free seats at the opera.

The Bavarian premier is also an unashamed conservative who has taken a hard line against asylum seekers, stealing fire from the right-wing Republicans, once seen as a serious threat. The party, which was founded in Bavaria where it still has its strongest support, is, according to the polls, hovering around the 5 per cent mark needed to secure seats in the *Landtag*, or state parliament.

Observers are wary of predictions because many Republicans do not admit their voting intentions in polls. The party is, however, under considerable pressure, given that it failed to make the 5 per cent poll four years ago. In addition, Mr Franz Schönhuber, the charismatic 75-year-old party leader, has said he will step down after the elections.

The CSU could secure an absolute majority with 46 per cent of the vote if, as many observers expect, several smaller parties do not make it into parliament.

Not all of Bavaria votes like Wolfratshausen. But even if Mrs Schmidt picks up votes where she comes from in Lower Bavaria and Franconia, in towns such as Hof and Schweinfurt – where the textile and ball-bearings industry is on its knees because of the recession and competition from the neighbouring Czech Republic – she would need at least another two parties to ensure a parliamentary majority.

The SPD's chances are further diminished because historically the party has been much weaker in Bavaria and there are parts of the state where it does not even exist.

Mr Stoiber meanwhile says the Bavarians have stood rock-solid behind the CSU for three decades because they have their own way of doing things, different from the rest of Germany. "We don't always follow the fashion here," he says.

As for suggestions that leading CSU politicians have been lining their pockets in recent years – they impress very few Bavarians.

"Everyone is always talking about connections that leading CSU politicians have," a customs officer said at a Stoiber rally. "Well what's wrong with connections – at least you get things done."

French battle to win third telecom licence

by John Ridding in Paris

The French industry ministry is finalising its recommendations concerning a fiercely contested battle for the country's third mobile telecommunications licence and is awaiting a decision from Mr Edouard Balladur, the prime minister.

Officials said that a decision could come this weekend. But they indicated that the sensitivity of the licence award, which pits three of France's largest industrial groups in competition, may prompt a delay.

Alcatel Alsthom, the telecoms and engineering group, Lyonnaise des Eaux, the utilities and communications group, and Bouygues, the construction and communications company, are all bidding for the right to operate the third digital network. They are seeking either to diversify into a new business sector or, in the case of Alcatel, to extend telecommunications equipment activities into the provision of mobile services.

Bouygues, considered by many industry observers to have edged ahead in the contest, estimates that an investment of between FFr3bn (£360m) and FFr4bn is necessary to establish the new network. The winner of the licence will compete with existing networks operated by subsidiaries of France Télécom, the state telecoms group, and Générale des Eaux, the utilities and communications company.

The cost of the investment will be shared by partners in the various consortia. Alcatel Alsthom has linked up with Stet of Italy in preparing its offer. Bouygues' partners include Cable & Wireless of the UK and US West, while Lyonnaise des Eaux counts Thyssen of Germany and Bell South of the US amongst its consortium.

The sensitivity of the award stems from the influence of the companies involved and the method employed to decide the winner. Bouygues operates TF1, France's television channel, while Mr Jérome Monod, chairman of Lyonnaise des Eaux, is a former senior official in Mr Balladur's Gaullist RPR party. With the unofficial contest for next year's presidential elections gathering intensity, Mr Balladur is anxious to avoid controversy over the award or to alienate the contenders.

Rather than selecting the winner through an auction process, as in recent US telecoms licence awards, the French government is to decide on technical proposals and investment plans. "The project which is the most viable on these criteria will be the one selected," said one official.

Despite the sensitivity of the award, the industry ministry is seeking a rapid decision to prevent the French mobile telephone sector lagging further behind its neighbours. According to Idate, the communications research institute, France had only 725,000 mobile telephone subscribers at the end of August, compared with more than 2.2m in Germany and about 2.7m in the UK.

Part of the explanation lies in the lack of competition. "The two incumbents have tended to behave like a cosy duopoly, keeping prices high and limiting demand," says one industry analyst. He adds, however, that competition has intensified since 1992 with the introduction of rival GSM digital networks by France Télécom and SFR, the mobile telecoms subsidiary of Lyonnaise des Eaux.

The new licence will be to operate the digital system, DCS 1800. "It is a cheaper system to develop than the traditional GSM network, because the infrastructure is lighter," says Mr Didier Pouillot at Idate.

Gaullist denies consultancy payments were for fictitious services as French allegations grow

Third minister accused of corruption

By David Buchan in Paris

France's sports and youth minister, Mrs Michèle Alliot-Marie, was yesterday reported to be under investigation for receiving payment from pharmaceutical companies while a member of the health ministry's drug approval committee in the 1980s.

Le Parisien newspaper cited judicial sources claiming that pharmaceutical companies had paid money to a consultancy called Médiconseil which in turn paid Mrs Alliot-Marie for "fictious services". The minister responded that she had been paid by Médiconseil for genuine work under a contract declared to the tax authorities, that she had ended this work on becoming a Euro-MP in 1989, and that she knew of no judicial investigation.

Mrs Alliot-Marie is none the less the third French minister to attract allegations of corruption. The trade and industry minister, Mr Gérard Longuet, is awaiting the justice ministry's decision on whether to pursue allegations it received this week from a judge suggesting that he may have allowed a contractor to subsidise the building of his Riviera villa, and that he used money from other corporate sources to settle his construction bill.

Mr Longuet said yesterday that he had no intention of resigning his powerful government post, even if he was put under formal judicial investigation, as is now the fate of Mr Alain Carignon. The latter asked in July to be "suspended" from his job of communications minister in order to contest a case in Grenoble of which he is mayor. A judge is seeking to establish whether there is any link between a decision by Lyonnaise des Eaux, the French utility company, to bail out a pro-Carignon newspaper and the company's subsequent winning of the contract to manage Grenoble's water supply.

Mr Longuet said he had asked for a formal "judicial estimate" on the cost of his St Tropez villa. He said the affair had not put into question any of his roles as president of the Lorraine region, head of the Republican party, or as trade and industry minister, and he had no intention of resigning.

As in the case of Mr Longuet, the allegations surrounding Mrs Alliot-Marie arise out of a separate investigation. A Nanterre judge had been investigating suspicions that a fellow RPR gaullist of Mrs Alliot-Marie had been receiving payments from pharmaceutical drug companies when he sat on the same drug approval committee. The report on Mr Longuet came from a judge trying to trace a commission paid by a St Gobain subsidiary to a Republican party official in Nantes, in pursuit of a water pipe contract in the western French city.

Yesterday Prime Minister Edouard Balladur, who on taking office last year suggested that he would encourage ministers under a cloud to resign, held his first meeting with the three men he has appointed to look into ethical links between business and politics in France, and current legal practice in corruption investigations. The meeting was described as a first discussion of the precise remit of the commission, on which an eminent businessman, trade unionist and lawyer are to sit.

Longuet: not resigning

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EUROPEAN NEWS DIGEST

Showdown fear in pension row

Italy's right-wing coalition government was last night trying to head off a damaging show-down with the powerful trade union movement over pension reforms linked to the 1995 budget. An agreement on changes in Italy's costly state-run and deficit-ridden pensions system is central to the preparation of the budget, which must be submitted to parliament by September 30.

The lira yesterday weakened as dealers awaited nervously for the outcome of the government-union negotiations. The currency was traded at L1,011 against the D-Mark, L8 down on the previous day; while share prices on the Milan bourse fell by nearly 2 per cent. The first session of talks between the two sides yesterday morning broke inconclusively with the CGIL, the largest of the three main trade union confederations, threatening a general strike.

The government is seeking to raise close to L50,000bn (£20.3bn) through fresh revenues and spending cuts to hold the budget deficit to below 9 per cent of GDP. Of this, the government originally sought to find some L8,000bn in pension cuts. Yesterday, ministers were hinting the figure would be closer to L5,000bn – placing greater emphasis on more fiscal revenue. *Robert Graham, Rome*

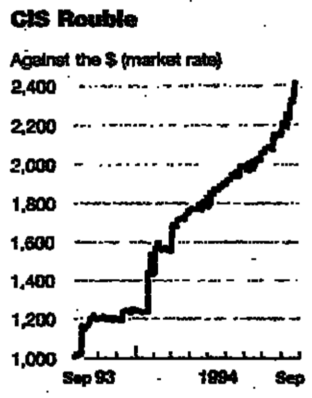
Bossi challenge over state TV

The populist Northern League plans a move that could oust the new government appointees brought in to run the RAI, Italy's state broadcasting organisation. The League yesterday unveiled a plan to introduce a legislative amendment that would oblige the two-month-old board to resign and allow the appointment of fresh management by parliament. The League's move was prompted by its anger over the way in which the board of directors, headed by Mrs Letizia Moratti, a former leading stockbroker, changed the entire editorial management of the three television channels over the weekend with any reference to the existing editorial teams.

Other members of the government dismissed the League's protests as pique over having failed to get any of its own editorial nominees appointed at RAI. Although this may be close to the truth, Mr Umberto Bossi, the leader of the League, has consistently expressed concern over prime minister Mr Silvio Berlusconi's ability to control both commercial and public broadcasting. Mr Berlusconi's Fininvest empire includes three channels controlling over 80 per cent of commercial television.

The League has some leverage because next month the government will need to endorse a decree providing ongoing funding for the RAI. The League is attaching its amendment to this decree. The amendment could pass if the opposition decides to make common cause with the League. Staff at the RAI are threatening further industrial action in the wake of Tuesday's 24-hour strike in protest against the new appointments. *Robert Graham, Rome*

Russian rouble at new low



Source: Datastream

The rouble tumbled by 5 per cent in Moscow yesterday to a new low of 2,460 to the US dollar, as the Central Bank refrained from intervention and interest rates were pushed up sharply. Finance Ministry officials explained the fall by reference to a call over the weekend by Mr Konstantin Kagalovsky, the International Monetary Fund's executive director for Russia, for stabilisation of the rouble early next year – noting that currencies generally fell on the expectation of a currency stabilisation. At the same time the bank is seeking to build up its reserves of hard currency and has been reluctant to intervene in a major way in the market. The steady fall in the rouble is not greatly worrying the government, in spite of its possible effect on inflation, largely because it believes that a low rate will assist in a stabilisation effort which may be attempted next year. At the same time, its fall effectively reduces the government's commitments to unpaid salaries and to cover the budget deficit. *John Lloyd in Moscow*

'Hidden jobless' in Ukraine

Ukraine has more hidden jobless than any other country in central and eastern Europe and open unemployment is likely to soar next year as economic reforms gather pace, according to a survey by the International Labour Organisation. Mr Guy Standing, head of the ILO's east European team, said yesterday the true unemployment rate in Ukraine was already in double figures, compared with an official rate of less than 1 per cent. In addition, some 12 per cent of workers are on long-term unpaid leave.

The survey, covering 348 manufacturing enterprises employing over 372,000 workers, contradicts suggestions that Ukrainian factories are clinging on to workers regardless of collapsing output. The survey by the ILO shows widespread job-shedding over the past year, especially in state-owned factories, as well as extensive short-time working and resort to unpaid leave. With enterprises still holding on to more workers than they need, Mr Standing predicts a "massive" increase in unemployment next year as industrial restructuring in the country accelerates. Over a quarter of factory managements in the survey expected their firms to go bankrupt within a year. *Frances Williams, Geneva*

Hurd rejects EU 'hard core'

Mr Douglas Hurd, UK foreign secretary, has thrown his weight behind calls for a streamlined European Commission and a "flexible" European Union, while rejecting the idea of a "hard core" of the most committed member states. In an interview with Handelsblatt, the German business newspaper, he welcomed a fundamental debate on the future shape of the EU, which is supposed to culminate in a new constitutional conference in 1996, and insisted that Britain wanted more than a "free trade zone" in Europe. "I believe very strongly in a common foreign and security policy," he said, which should be expanded step by step to include the countries of central and eastern Europe. But flexibility meant that "not everyone will do everything at the same time, or in the same way". *Quentin Peel, Bonn*

ECONOMIC WATCH

Dutch retail sales slip 4%

Dutch retail sales fell 4 per cent in the year to July, the Central Bureau of Statistics reported yesterday. July retail sales in the non-food sector were 8 per cent lower than a year earlier, while sales of outer garments in speciality shops were 14 per cent down. The fall reflects last year's boom, as well as unusually hot weather this year. While food sales rose a nominal 1.3 per cent in the year to July, after adjusting for price rises sales fell by 1.3 per cent. Total retail sales, adjusted for inflation, were 5.2 per cent down. In contrast to the retail performance, seasonally adjusted industrial output for July was 3.6 per cent up a year earlier. *AP and Reuter, Amsterdam*

■ Sweden's current account showed a surplus of SKr2.6bn in July, but a deficit of SKr0.6bn in the 12 months to July, central bank figures showed, outperforming mostexpectations.

■ French household spending on manufactured goods rose 1 per cent in July, due to a strong rise in car sales, and rose by 0.4 per cent in August despite a decline in the car sector, national statistics institute Insee said.

■ Italy's industrial output rose an unadjusted 3.8 per cent in July from a year earlier, following the rise in June of 5.3 per cent.

Danes begin talks to form a new coalition

By Hugh Carnegy and Hilary Barnes in Copenhagen

Mr Poul Nyrup Rasmussen, Denmark's Social Democratic party leader, prepared to form his second administration yesterday, despite the beating which his four-party centre-left coalition suffered in Wednesday's general election to the Folketing (parliament).

He handed his resignation to Queen Margrethe yesterday, but immediately began negotiations for the formation of a new government, saying he was confident that he could put together a new minority coalition.

He is expected to try form a government with the Centre Democrats and the Radical Liberals, both members of his previous government, but his task was made more difficult by the elimination from the Folketing of the fourth member of the outgoing government, the Christian People's party. The proposed new coalition would only have 75 seats in the 179-seat Folketing and would require the parliamentary backing of the left-wing Socialist People's party (SPP) and the Unity List.

The SPP signalled yesterday that it will set tough conditions for its support. One report suggested that the SPP might try to force Mr Nyrup Rasmussen to form a government of the Social Democratic party alone which the SPP would seek to influence towards more left-wing policies. The SPP leader, Mr Holger K Nielsen, declined to comment.

Mr Uffe Ellemann-Jensen, thwarted in his ambition to become the country's prime minister, although his own Liberal party went ahead by 13 seats to 42, predicted that the coming government would be weak and would not survive the full four-year parliamentary term. "It won't be long before there's a new election," he declared on election night.

But as long as the Radical Liberals and the Centre Democrats remain loyal to Mr Nyrup Rasmussen, the Liberal party and its right-wing allies cannot force a change of government.

The first task facing the new government will be to carry the 1995 budget bill. The outgoing government planned to tighten fiscal policy next year in order to reduce the budget deficit, now running at 5.1 per cent of the gross domestic product. Mr Nyrup Rasmussen has said the the budget framework presented in the draft budget, published in August, is not negotiable, but the left-wing parties may try to exert pressure for higher government spending on welfare and the environment.

Danish Elections

Results*

Population: 5.2 million
Electorate: 4.0 million

Parties	Number of seats 1994	1990
THE RULING COALITION		
Social Democrats	62	69
Radical Liberals	8	7
Centre Democrats	5	9
Christian People's	0	4
Total	75	89
THE CENTRE-RIGHT		
Liberal party	42	29
Conservative party	27	30
Progress party	11	12
Total	80	71
THE LEFT		
Soc People's party	13	15
Unity List	6	0
Total	19	15
INDEPENDENTS		
Greenland/Faroes	4	4
Independent	1	0
Total	5	4

■ Danish comedian Jacob Hougaard was elected as an MP on a campaign ticket of shorter supermarket queues, better weather in Denmark, and a tail wind for cyclists.

Mr Poul Nyrup Rasmussen, Denmark's Social Democratic party leader, is confident he can put together a new coalition AP

Welfare dilemma for Nordic social democrats

Can the Scandinavian countries sustain high state benefits and reinvigorate the private sector?

By Hugh Carnegy and Hilary Barnes

Scandinavia, the heart of western European welfare politics, is set once again for a period of social democratic domination following elections this week in Sweden and Denmark.

The return to power in Sweden of Mr Ingvar Carlsson's Social Democratic Party ended three years in which the welfare state, built up during the party's years in power since the war, was under challenge by conservative prime minister Mr Carl Bildt.

In Denmark, Wednesday's election confirmed the Social Democrats of prime minister Mr Poul Nyrup Rasmussen as the country's biggest single party and the leading force in the new government. Although he lost ground to the right-wing Liberal party, Mr Nyrup Rasmussen will be able to stay in power with the support of centre and left-wing parties.

The Swedish and Danish elections followed the victory last September of Mrs Gro Harlem Brundtland's Labour party in Norway which, like its sister social democratic parties to the east and south, has a profound commitment to egalitarianism achieved through the universal provision of welfare.

To complete the picture, opinion polls in Finland suggest that the Social Democratic party there, led by Mr Paavo Lipponen, will unseat the present centre-right coalition of prime minister Mr Esko Aho in the general election next March.

But this swing to the left is hardly a vote for state socialism.

In all four countries, private industry has been unchallenged for most of the past 40 years as the engine of economic growth.

What the social democratic trend does seem to reflect is a deep-seated determination to maintain the welfare state even at the cost of tax rates which would be unsustainable in other western countries.

Over the years, Nordic citizens have grown accustomed to the state provision of "womb to tomb" welfare services covering health, education, social services and generous safety nets such as high unemployment benefits.

In all four countries, for example, not only do mothers have state-subsidised maternity leave rights much greater than those in most European countries, but fathers have the right to paternity leave.

The big question, however, is whether the Nordic countries can sustain their welfare states at current levels.

Norway, with the benefit of North Sea oil and gas revenues, has least cause for concern, at least in the short to medium term.

But in Sweden, even the Social Democrats recognise that there is now a damaging imbalance between the public and the private sector.

Last year, government spending as a proportion of gross domestic product exceeded 70 per cent, well above the European average of around 50 per cent.

This imbalance, caused in large part by the huge cost of financing 14 per cent unemployment, has left the country with the most serious crisis it has experienced in its public finances.

The budget deficit is expected to be around 11 per cent of GDP this year and government debt will shortly exceed 100 per cent of GDP.

Mr Carlsson is now preparing the country for a period of tough fiscal medicine in which he has made no secret of the need for some severe cuts in welfare benefits.

He may well have in mind the Danish example.

Denmark experienced a similar crisis in the early 1980s, but now has a relatively strong economy after a decade of budget stringency.

The public finances were brought under control and, despite a long recession, the budget deficit is now around 5 per cent of GDP.

Meanwhile, the welfare system continues to flourish. Indeed, Mr Nyrup Rasmussen has this year introduced a popular new welfare programme.

As many as 100,000 Danes will take advantage of a "leave from work" scheme under which parents of young children and people undergoing job-related training can take six months off work while receiving generous compensation.

But the Danish experience may not be as reassuring to Mr Carlsson as it appears at first sight.

Denmark still ranks second to Sweden among industrialised countries in the proportion of GDP accounted for by state spending (more than 60 per cent), while unemployment continues to run at 12.5 per cent of the workforce.

But both Mr Nyrup Rasmussen and Mr Carlsson recognise that to tackle unemployment, they must not only keep the public finances in order, but also reverse a 40-year trend in the Nordic area of net job creation coming from the public sector.

They are committed (as are Mrs Brundtland in Norway and Mr Lipponen in Finland) to promoting private sector growth.

But many Nordic economists fear that the high unemployment benefits encouraged by the welfare states have led also to high minimum wages that hamper the private sector job creation needed to underpin the welfare structure.

This is the awkward dilemma which Nordic social democrats must come to grips with as they lead the region towards the end of the century.

Spain to reap benefits of strict budget

By Tom Burns in Madrid

Mr Pedro Solbes, Spain's economy minister, will today tell his cabinet colleagues that this year's public deficit is on target at 6.7 per cent of GDP. This is not what the Madrid government, accustomed to budget overruns, normally hears from its economic team, and it augurs well for market perceptions of Mr Solbes' priorities as he puts the finishing touches to his second budget.

Promoted from the agriculture ministry after last year's general election, Mr Solbes inherited a 7.3 per cent deficit, an overshoot double that planned by his predecessor, Mr Carlos Solchaga. Already he can claim two achievements: he has restored the credibility of domestic finances and, in a low growth year, he has succeeded in reducing the deficit.

Determined that this year's hard-won credibility will remain in place, Mr Solbes intends to reduce the deficit to 5.9 per cent of GDP in his 1995 budget and to 3.4 per cent in 1996. But analysts say he has taken only a first step towards righting the structural imbalances which lie at the root of domestic deficits.

Mindful of such pressures, Mr Solbes has responded quickly to an August price rebound and to an accompanying promise by the prime minister, Mr Felipe González, that Spain's 7m pensioners will be fully compensated for a year-end inflation that will now be above the forecast figure of 3.5 per cent.

In a last-minute revision of his budget, Mr Solbes has cut the government's 1995 spending by 1 per cent. The government will use the savings to fund a pensions bill that is expected to rise by Pta150bn (£742m) because of the inflation increase.

The minority Catalan nationalist coalition, CiU, which was last night meeting Mr Solbes' team, is expected to ensure the budget's safe passage through parliament. Politically centre right, CiU backed Mr Solbes' first budget last year after the general election left the ruling Socialist party short of a parliamentary majority.

As before, Catalan support has been obtained at a price. The government has agreed to regional demands, spearheaded by the Catalans, that they share in the distribution of the EU's cohesion funds. It has also promised to increase funding for regional health services. Reflecting the interests of CiU's middle class electorate, the 1995 budget will reduce the social security contributions made by employers and make up for the lost revenue with a 1 per cent increase in value added tax.

With a forecast growth in GDP of 2.8 per cent next year – the economy grew by 1.6 per cent in the first half of this year – the chief market criticism is that Mr Solbes should use such expansion to cut back the structural deficit more severely. "A 5.9 per cent deficit next year is way too high and nothing to be proud about," said Mr Jaime de Pinies, a senior economist at the Banco Santander group.

Mr Solbes' department argues that several initiatives next year will meet such criticisms. These include the liberalisation of telecommunications, an overhaul of restrictive legislation on land use and reform of a state pension scheme.

The problem is that such regulatory changes, together with deficit control, could run foul of the left wing of the ruling party which favours a dash for growth led by the public sector. Mr Solbes, however, needs to give quick signals on liberalisation.

His budgets are necessarily market sensitive because the stock of government debt, as a result of the ballooning deficits he inherited, is forecast to rise from 55.8 per cent of GDP last year to more than 65 per cent in 1996.

US officials make contact with military junta's missing police chief François

Cédras says he will not leave Haiti

By James Harding in Port-au-Prince and Jurek Martin in Washington

General Raoul Cédras, Haiti's military leader, has repeated that he will not leave the country after he steps down from power next month.

He told CBS TV in a interview late on Wednesday night that the Haitian constitution "forbids exile" and that, in any case, the agreement reached with the US delegation headed by former President Jimmy Carter did not require it.

However, US officials in Washington were able to report that contact had been established with the third member of the military junta – Col Michel François, the police chief, who was not a party to the Sunday agreement and whose whereabouts had been unknown.

He was to meet senior US military officers later. The agenda was likely to include the issue of controlling the Haitian police, following violent incidents on Tuesday, and the co-ordination of activities with the 1,000 US military policemen who arrived in Haiti on Wednesday.

Although the US, and UN Resolution 940, which authorised a military operation to restore elected President Jean-Bertrand Aristide, called on the ruling army elite to resign and go into exile, few expected Gen Cédras would flee unless explicitly required to do so.

Last Thursday President Bill Clinton had demanded in his TV address that Gen Cédras leave the country or face an invasion. But Mr Clinton has subsequently said that it was sufficient that Gen Cédras and other military officers leave power – though adding that he expected them also to leave the country.

Gen Cédras's decision to stay has bitterly disappointed Aristide supporters who hoped that the army generals and police chief who usurped power in a 1991 coup and had ruled the country ruthlessly since would be eliminated with the arrival of US forces.

But President Aristide himself late on Wednesday finally accepted the logic of the Sunday agreement, having withheld approval for nearly three days.

The prospect of the continued presence of the junta in Haiti also increases the pressure on Haiti's parliament to pass an amnesty law in the next three weeks as required by the agreement. Such legislation would help secure the reconciliation necessary if President Aristide's government is to be stable.

Meanwhile, as more and more US troops arrived and took to the streets of Haiti, military commanders in Port-au-Prince sought to clarify the rules of engagement for personnel on the ground.

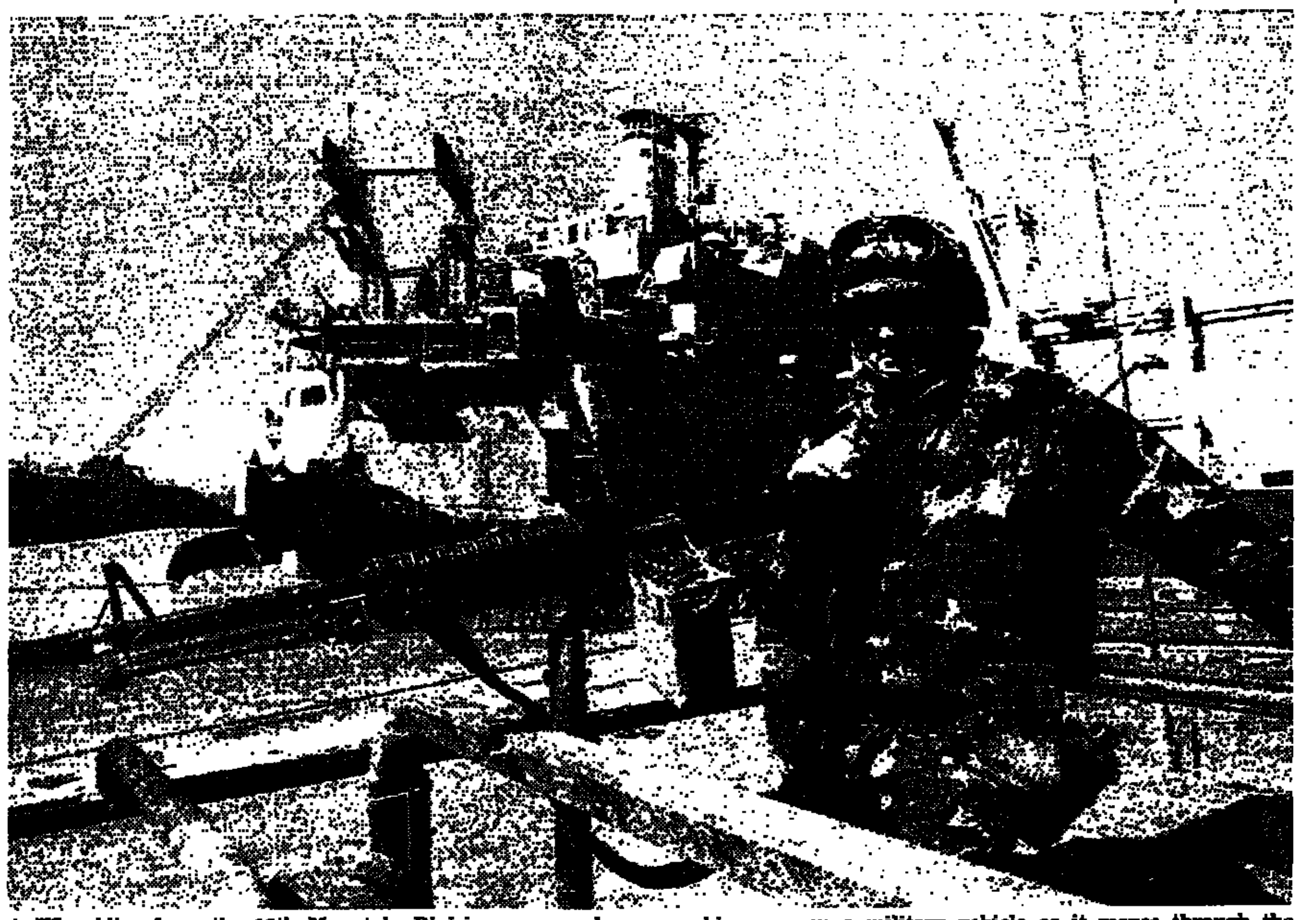
After several incidents of political violence in which US troops were ordered not to intervene, Mr Clinton declared that a repeat of Tuesday's violence "cannot and will not be tolerated". Defence Department officials said that the safety of US servicemen would, however, remain paramount.

As of yesterday morning the exact circumstances of such intervention were still being worked. Ultimately, the decision was being left in the hands of individual US servicemen.

"People on the street must use his or her best judgment. In the end it is up to that individual soldier or sailor [to decide whether or not to] intervene," a US army spokesman in Port-au-Prince said yesterday.

The news that US soldiers were now ordered to protect people seemed to have been welcomed. In the streets by the docks, where business was brisk yesterday, Pierre, a former businessman now working as a driver, said things had already changed. "I worked all night last night – I would not have done that before. I wouldn't have even gone out of my house... people are not afraid today."

At the US embassy, the mood was generally buoyant and the beginning of the US peace-keeping operation was viewed as a great success. "Haiti today is better off than it was yesterday and better off yesterday than it was the day before," Mr Stanley Schrager, US embassy spokesman, said yesterday.



A US soldier from the 10th Mountain Division mans a heavy machine gun on a military vehicle as it moves through the Port-au-Prince harbour area Reuter

Fed warnings to banks on easier credit standards

By George Graham in Washington

Top US Federal Reserve officials have issued a warning that banks may be unduly relaxing their credit standards and making risky loans that could turn sour.

Mr Alan Greenspan, chairman of the Federal Reserve Board, yesterday told the Senate banking committee he had received reports from Fed bank examiners that some banks under their supervision were "competing more aggressively for loans, and ... are relaxing their credit standards".

And Mr William McDonough, president of the New York Federal Reserve Bank, warned in a recent speech against the temptation for banks to "let the pendulum swing too far" by cutting their rates or easing loan restrictions as they try to rebuild lending operations after a very tight period.

"Pressure on pricing and other credit terms, such as loan covenants, must not be permitted to sow the seeds of a new round of asset quality problems down the road," Mr McDonough told a symposium hosted by the New Jersey state banking department.

Fed officials began to detect some cause for concern a while ago, but their suspicions have been fuelled by a recent survey of senior loan officers.

Nevertheless, Mr Greenspan insisted: "The condition of the banking system is sound and much improved."

Other Fed officials said they wanted to "look beyond the silver lining" of the current good health of the banking industry.

And Mr Eugene Ludwig, Comptroller of the Currency, whose office supervises nationally chartered banks while the Fed oversees state chartered banks, said better bank profitability stemmed largely from improved credit quality.

"Banks have substantially recovered from their credit quality problems from the late 1980s and early 1990s due, among other factors, to the improvement in the economy," Mr Ludwig told the Senate banking committee yesterday.

The Federal Deposit Insurance Corporation's latest quarterly survey, published yesterday, showed that the nearly 11,000 banks in the US made profits totalling $11.2bn (£7bn) in the second quarter of this year, level with their performance in the first quarter and nearly 9 per cent higher than in the second quarter of 1993.

Mr Greenspan also renewed his call for Congress to tear down more of the barriers which restrict banks from entering other sectors of the financial services industry, such as insurance and securities, and warned against excessively tight control of activities such as derivatives.

Clinton not to seek more nuclear arms cuts

By George Graham

President Bill Clinton has decided not to look for deeper cuts in the US's strategic nuclear arsenal until reductions already agreed with Russia have been carried out.

After a year-long review of US nuclear strategy, the administration decided against trying to move beyond the limits on nuclear warheads already agreed with Russia in the Start 2 strategic arms reduction treaty, which would cut the US arsenal from around 6,000 warheads to around 3,500.

Mr Clinton overruled some senior administration officials who had argued that the US should pursue an agreement on still deeper cuts in the Russian and US nuclear forces.

Mr William Perry, the defence secretary, was due to give details of the new nuclear policy yesterday evening. Earlier this week, however, he warned that Russia had fallen behind schedule in its programme for dismantling nuclear weapons.

Clinton is expected to offer more money to dismantle missiles when he meets Yeltsin

Military officials argued that the US needed to maintain an adequate security hedge against the risk of a reversal in Russia's progress towards democracy and its possible failure to complete its promised cuts.

Mr Clinton is expected to offer more money for dismantling nuclear missiles when he meets President Boris Yeltsin in Washington next week.

The US has decided, however, to trim its stockpile of short range tactical nuclear weapons, which will leave approximately 480 weapons in Europe.

In addition, the US is expected to cut its fleet of nuclear missile submarines from 18 to 14, and reduce the number of B-52 bombers from 94 to 66, instead of complying with the Start 2 limits by having each submarine or bomber carry fewer warheads.

The US is now concentrating its efforts on talks aimed at extending the nuclear non-proliferation treaty.

The White House yesterday also called on China to join the moratorium on nuclear test explosions declared by the other nuclear powers, and urged an acceleration of negotiations on a comprehensive nuclear test ban.

Doubts cast on Quebec independence referendum

By Bernard Simon in Toronto and Robert Gibbens in Montreal

Quebec separatists have begun to raise doubts about their commitment to hold an early referendum on independence from Canada, barely a week after winning elections in the French-speaking province by an unexpectedly narrow margin.

Mr Lucien Bouchard, leader of the Bloc Québécois, whose 53 MPs promote the separatist cause in the federal House of Commons in Ottawa, said the referendum would not be held until the pro-independence forces were likely to win. "There is no way the sovereignists will engage in a losing referendum," Mr Bouchard said.

Mr Bouchard's remarks contradict pledges during the election campaign by Mr Jacques Parizeau, leader of the Parti Québécois, the party which will form the next government in the French-speaking province.

Mr Parizeau said at one time the referendum would be held within 8-10 months of the election. But he gave himself more latitude in the closing stages of the campaign by promising a vote "sometime in 1995".

Although the PQ won 77 of the 125 seats in Quebec's National Assembly, it garnered only fractionally more of the popular vote than the defeated Liberals.

Many voters who supported the PQ in the election do not necessarily favour outright independence.

A poll of Quebec voters in by the Globe and Mail newspaper yesterday showed that 48.8 per cent of respondents would vote against independence in a referendum, compared to only 35.8 per cent in favour of independence.

Political observers have also interpreted the signals put out by Mr Bouchard and Mr Parizeau as evidence of divisions which have long been suspected within the separatist ranks. Mr Bouchard, who is in his early 50s, is widely seen as Mr Parizeau's most likely successor should the PQ leader, aged 64, stumble over the independence issue.

Business leaders both in and outside Quebec have urged the new PQ government to hold the referendum as quickly as possible to lift uncertainty over Canada's political future. Mr Ghislain Dufour, president of the Patronat, Quebec's main employer group, said: "Our members want the political uncertainty now weighing down on Quebec lifted as soon as possible. The sooner the debate is over the better."

AMERICAN NEWS REVIEW

Mexican city won by opposition

Mexico's centre-right opposition is set to govern the industrial city of Monterrey after an electoral court annulled votes from over 40 of the city's polling stations in last August's election. The reversal of the Institutional Revolutionary party's initial victory in Monterrey follows the opposition's claims that the ruling party's vote in parts of the city had been boosted by ballot-rigging. The capital of the northern state of Nuevo Leon and home to many of the country's best known companies, Monterrey will become the largest city ever in Mexico to be run by the National Action party (PAN) opposition.

Federal electoral tribunals also annulled votes in a few polling stations in other parts of the country, but the move is not expected to affect the result of last August's election, in which the ruling party won a comfortable victory in the presidential and congressional races. The tribunal's move should improve relations between the government and the centre-right opposition, and may increase the chances of a successful outcome to imminent talks between the main political parties on political reform.

The centre-right PAN had made the election in Monterrey a test case of the PRI's commitment to run free elections. Although the decision to annul results in PRI strongholds was formally taken by an electoral tribunal, some suspect that the tribunal had been influenced by the government. *Damian Fraser, Mexico City*

Cardoso's poll lead slips

Mr Fernando Henrique Cardoso, front-runner in Brazil's presidential election, has seen his lead slip slightly in opinion polls, increasing the chances of a second-round run-off with his nearest rival. Under Brazil's election rules, a candidate only wins in the first round if he polls more votes than all his competitors combined. According to a Gallup poll published yesterday in the Estado de São Paulo newspaper, Mr Cardoso's support has slipped 2 points to 41.1 per cent. He is still well ahead of his main rival, the left-winger Mr Luis Inácio Lula da Silva, who polled 20.6 per cent. Mr Cardoso's fall means his margin of victory over all the candidates has fallen from 6.3 points earlier this month to 3.3 points. This is within the poll's 4-point margin of error, suggesting Mr Cardoso's first-round victory on October 3 is no longer assured. He still remains clear favourite to win in a second round set for mid-November. His fall appears to be a result of combined criticism by the other candidates, which has led to an increase in the number of undecided voters. *Angus Foster, Salvador*

New White House spokesman

Mr Mike McCurry, chief State Department spokesman, is being moved to the same position in the White House to try to improve relations with the media and to get over President Bill Clinton's policy messages more effectively. The move is one of the personnel shifts being orchestrated by Mr Leon Panetta, the chief of staff. Ms Dee Dee Myers, the present spokeswoman, is being given what is described as "broader responsibilities" but will be replaced as the regular daily briefer by Mr McCurry. Mr Mark Gearan, the overall communications director, is also to be given a new job, as yet unspecified, on Mr Panetta's staff. Press relations have been a thorn in the White House flesh ever since Mr Clinton took office. Initially they were handled by Mr George Stephanopoulos, but only with much friction with the press corps. He was shifted to a far more influential position as counsellor to the president in the summer of last year, but even his activities are now to be subject to greater control by Mr Panetta. Ms Myers is personally well liked by the press, but she has never been a member of the inner policy-making team, thus reducing her effectiveness. Mr McCurry, on the other hand, has established a close working relationship with all the senior echelons of the state department, including Mr Warren Christopher, secretary of state, in the year he has been on the job. His light touch has also made him popular with diplomatic correspondents. *Jurek Martin, Washington*

Hearings on baseball strike

The current baseball strike reached the halls of Congress yesterday when a House judiciary subcommittee began hearings on whether the sport's team owners should continue to enjoy immunity from the nation's anti-trust laws. Mr Bud Selig, the acting commissioner of baseball, testified in favour of retaining the exemption and Mr Donald Fehr, chief of the players' union, against. Congressman Jack Brooks, the committee chairman, showed his colours by warning in advance that though the owners could hide from the fans they could not avoid Congress on matters of anti-trust. But Congress is unlikely to vote until next year, at the earliest, with much possibly depending on whether next year's baseball season also remains in doubt. At issue is the 1922 Supreme Court ruling, written by the legendary Justice Oliver Wendell Holmes. He wrote then, at a time when the sport was in difficulty, that although baseball was certainly a business it did not engage in "commerce" in the normally accepted understanding of the word". *Jurek Martin, Washington*

Brazil's bankers lament victory over inflation

The introduction of the Real has meant an end to banks' big overnight profits on short-term lending, writes **Angus Foster**

Brazil's new currency, the Real, has sent inflation tumbling and public support soaring. But the country's bankers are not yet celebrating. For them, low inflation means lower profits, at least until the banks have been thoroughly restructured.

Banks were the main beneficiaries of Brazil's years of high inflation. They profited from lending to the government at very high short-term interest rates. They gained from holding customers' money in cheque accounts because funds lost value daily. In June, just before the Real's introduction, daily inflation reached 2 per cent, a windfall for the banks.

Many banks earned more than 30 per cent of their income from such inflation-related revenue. When inflation fell with the Real to less than 2 per cent a month, this income disappeared. The first serious signs of strain appeared last week when Banespa, the biggest state owned bank, faced a liquidity squeeze, and the central bank closed down a small private bank, Brasbanco.

Most analysts agree that private-sector banks, except for a handful of very small ones, can quickly adjust to low inflation. Larger banks like Bradesco and Itaú have strong balance sheets and should be able to find alternative income sources, especially from an increasing demand for consumer credit if economic growth continues.

The transition will be more painful for the much less efficient 23 banks owned by the Brazilian government or individual Brazilian states. Banespa's costs per employee reached $26,240 (£16,600) in the first half of this year, compared to $8,820 for the similar-sized Itaú. State-owned banks are also limited by law in dismissing workers, which prevents them from cutting costs as rapidly as their private sector counterparts.

Then there is political pressure. State banks are subject to interference by politicians, and have been used to channel jobs and loans to supporters, especially before elections. As a result, small towns often have three or four bank branches owned by the central or state government. The central bank failed in an attempt earlier this year to close down loss-making branches after local politicians complained their campaigns would be undermined.

"Governments have regularly used their state banks to finance elections and other non-banking activities," says Mr Erivelto Rodrigues of financial analysts Austin Asis. "The problem is, the banks lend the money without getting paid back."

It is difficult to assess how much damage these policies have caused. Public accounting disclosure is poor and, until the introduction of the Real, high inflation made the comparison of accounting periods misleading. Analysts also suspect state banks conceal non-performing loans to their respective state governments by granting a new loan near the end of the bank's fiscal year so they can be paid interest on the old loan.

Analysts estimate it could cost several billion dollars to restore the state banks' balance sheets. As an indication of the sums involved, last week the central bank provided R$1.65bn (£1.2bn) in short-term assistance, in the form of swapping central government for state government securities, to the three large state banks thought to be most in need of reform. Banespa of São Paulo received R$1.1bn, Banerj of Rio de Janeiro R$340m, and Banrisul of Rio Grande do Sul state R$210m.

At least over the next three months, the central bank is likely to continue backing banks that face liquidity problems. Brazil holds presidential elections on October 3 and the government is keen to avoid any financial instability, especially if it undermines the Real.

Even in the long term, the central bank is not expected to let larger banks encounter serious problems, which would highlight the entire state-owned sector's weakness. The banks are likely to be urged to cut costs and merge branches. Some smaller state-owned banks may be threatened with closure or told to merge.

"Sorting out the state banks will be a long and very careful process which won't be solved overnight and which cannot be done in an irresponsible way because of the risks," says Mr Carlos Langoni, a former central bank president.

According to private bankers, the hope for long-term reform lies with Brazil's new president, likely to be Mr Fernando Henrique Cardoso. The bankers say the new president must make a number of moves, starting with measures to insulate banks from political interference. For example, a law which prevents private banks from lending to their main shareholders could be applied to state-owned banks to stop them funding their state's deficit.

"We need new regulations to restrict the banks' freedom. If they want to be called a bank they should act like one," says one São Paulo banker.

Other bankers argue that privatisation is the only way to guarantee independence for the state banks, and to improve their efficiency. But this would first require the states, some of which are already in deficit, to repay their debts.

According to one model, a bank such as Banespa – which is owed about $7bn by the São Paulo state government – could be repaid with shares in the state-owned electricity and water companies.

Mr Cardoso is thought to favour such schemes. But he will encounter stiff opposition from state governors and the banks themselves, which argue that in a country like Brazil, state banks also serve as development agencies and should not aim to emulate the private sector.

Whether the banks are allowed to remain in the state sector will probably depend on their own performance. The central government cannot afford to lend financial support for long. Unless they quickly move to reduce their losses, the government may start paying more attention to private sector calls for the banks to be merged or privatised.

Brazilian banks

		Number of employees	Costs per employee ($)	Bad loan ratio (%)
State owned	Banespa	34,432	26,240	11.25
	Banerj	12,000	13,775	23.65
	Bemge	11,399	15,376	1.92
Private	Bradesco	62,580	8,500	2.76
	Itaú	39,362	8,820	2.89

Source: Austin ASIS, FT

Payment transactions per employee (US=100%)

Private banks	44% (47,200)
Public banks	28% (30,600)

Source: McKinsey analysis

NEWS: WORLD TRADE

Gatt chief warns on ratification

By Frances Williams in Geneva

Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, said yesterday that the process of ratifying the Uruguay Round trade accords was "definitely moving in the right direction" but warned that stated intentions had yet to be reflected in concrete results.

Just 26 of the 125 countries taking part in the Uruguay Round have ratified or concluded "domestic processes". Most have been waiting on the "Quad" group of leading traders, the US, the European Union, Japan and Canada, none of which has yet ratified. The accords, including establishment of Gatt's successor, the World Trade Organisation, are due to take effect on January 1 next year.

Speaking to a meeting of the WTO preparatory committee, Mr Sutherland said the meeting on October 25 would be a "watershed". That is when he hopes to fix the date and agenda for the implementing conference, planned for December, which will formally decide when the WTO is established.

Asked to report on how ratification procedures were going, all four Quad members expressed confidence ratification would be completed by the January 1 deadline.

Mr Booth Gardner, US ambassador to Gatt, said the administration would submit legislation soon and expected a vote before Congress recesses on October 15.

The EU, struggling to surmount a complex legal dispute over respective responsibilities of the executive Commission and member states on trade issues, said it was still committed to the January deadline. Mr Jean-Pierre Leng, EU Gatt ambassador, expressed confidence the process would be completed in good time. This is despite the fact that no accord has yet been reached on an EU code of trade conduct, which would obviate the wait for a ruling by the European Court.

The Japanese government expects approval of implementing legislation during the special two-month Diet session due to start on September 30. Canada plans to introduce legislation next month.

Also yesterday, Mr András Szepesi of Hungary, chairman of Gatt's contracting parties, said he would begin consultations early next month on the future head of the WTO. The decision, for which a consensus is needed, must be endorsed at Gatt's annual meeting in December.

Mr Szepesi confirmed that the Brazilian candidate, Mr Rubens Ricupero, was standing down. The three declared contestants are outgoing President Carlos Salinas de Gortari of Mexico, Mr Renato Ruggiero of Italy and Mr Kim Chul-su of South Korea.

Round opponents make their mark

By Nancy Dunne in Washington

US foes of the Uruguay Round world trade pact have been flooding the Senate with telephone calls as the focus of opposition has moved to the $40bn cost in the form of lost tariff revenues over the next decade.

Urged on by groups on the right and left, opponents have been demanding that senators commit themselves to a vote against a waiver of budget rules, which could raise the deficit.

The tactic is the latest in a lengthy battle against the new world trade pact. The Clinton Administration has made passage a priority, but time and election year pressures have become a serious obstacle in the effort.

Opponents have turned the debate into an issue of fiscal responsibility six weeks before many Democrats are facing extraordinarily tight races.

"Gatt's complicated," said Miss Lori Wallach, one of the anti-Gatt leaders, she said. "But there's nothing complicated about busting the US budget to pay for foreign tax cuts. The Gatt package asks for increased taxes and budget busting. It makes this a nightmare for many Democrats."

Labour leaders, rightwing Christian groups, conservative talk show commentators and Mr Ross Perot, the erstwhile presidential candidate, have stepped up their opposition. Mr Perot's citizen brigades have targeted key Democratic senators who are up for re-election. These include Tennessee Senator Jim Sasser, the heir presumptive to Majority Leader George Mitchell, who is retiring this year.

Senator Bob Kerry, a Nebraska Democrat, is also coming under strong pressure. Like most Democrats, both are already suffering from the political weakness of the president and could be helped by a delay in the vote until next year.

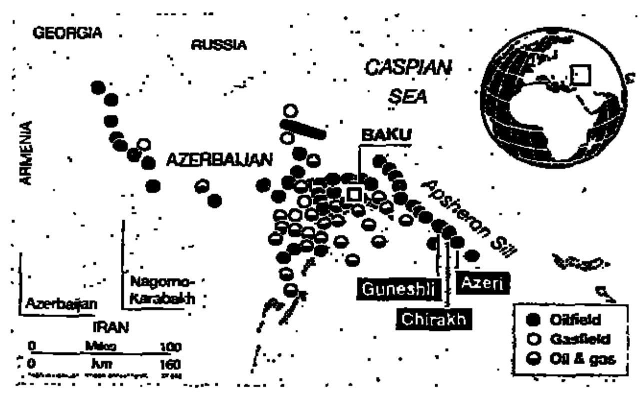
With Congress due to adjourn in October for campaigning, the administration will next week be forced to submit the implementing legislation which has left key issues unresolved in Congress.

Mr Mickey Kantor, the US trade representative, must decide the timing of a controversial rule of origin for textile and apparel imports for one year - for one year as the House Ways and Means Committee wants it - or five years as the senate wants it. The opposition is targeted at the Senate, where 60 votes will be needed to waive budget rules before a vote can be held.

The year-long struggle to pass the Gatt has lowered the stock of Mr Kantor, who was considered one of the most successful members of the cabinet in the wake of the Uruguay Round deal last December. Business lobbyists talk openly of wanting a new trade team.

Kozyrev adds to doubts over Azerbaijan oil deal

By John Lloyd in Moscow



Mr Andrei Kozyrev, the Russian foreign minister, yesterday added his voice to doubts surrounding the the $8bn Caspian oil contract signed earlier this week between the government of Azerbaijan and a consortium of foreign oil companies.

Mr Kozyrev said that Russian interests had to be taken into account in any agreement to exploit the reserves in the Caspian sea.

Agreements signed by the Soviet Union limiting exploitation were still in force - "no one has annulled them," he said. "The former Soviet republics are the Soviet Union's legal heirs, while Russia is its main successor. Obligations have to do with all the former Soviet republics. Azerbaijan is well aware of this."

Mr Kozyrev's statements were greeted yesterday with muted anger by other Russian institutions concerned with the contract. These include the energy ministry, which sent a deputy minister to applaud the signing of the deal and Lukoil, the partly state-owned oil company which is a partner in the consortium with 10 per cent of the contract.

An oil ministry spokesman said the ministry had "no special comment" on Mr Kozyrev's statement, adding that various interests were involved including those of the ministries and oil companies - "each of which could have a different position".

For Lukoil, Mr Alexander Vasilenko said that "we signed a statement of intent with the state oil company of Azerbaijan last September. There was an inter-government agreement between Russia and Azerbaijan signed last October, which Mr Yuri Shafrannik (the Russian Energy Minister) signed, permitting an agreement between Lukoil and Azerbaijan. Lukoil works always within the bounds of the law, and that is how we intend to work now," Mr Vasilenko said.

The issue has an importance beyond that of the Azeri contract - signed by BP, Amoco, Statoil, Pennzoil, McDermott and other western oil companies. Russia could effectively block the flow of oil by refusing to allow a pipeline through its territory. It could also apply pressure to Azerbaijan against running a pipeline through Turkey to the Mediterranean.

If so, it would send a message to other oil companies that deals with former Soviet republics cannot be made without Russian approval.

Clinton renews sanctions threat

US President Bill Clinton yesterday renewed his threat to impose trade sanctions on Japan after a meeting with Japanese Foreign Minister Yohei Kono that focused on deadlocked trade negotiations, writes Our Foreign Staff.

Further talks are due today to tackle the contentious vehicle manufacturing sector.

Mr Kono also held talks with Secretary of State Warren Christopher and US Trade Representative Mickey Kantor.

In addition to cars, Washington is pressing Tokyo to improve foreign access to government contracts telecommunications and medical technology.

Foreign Minister Yohei Kono: also pressed over access to telecoms and medical sector

The president emphasised that unless agreements are reached under the framework agreement by the Sept 30 deadline, he will have to consider remedies under US trade laws," the White House said.

WORLD TRADE NEWS DIGEST

GEC-Alsthom to supply diesels to SNCF

SNCF, the French state-owned railway system, yesterday said it will buy 100 diesel locomotives worth FFr2.5bn ($470m) from GEC-Alsthom, the Anglo-French engineering group, writes **John Ridding in Paris.** Under the deal, which could rise to 250 diesel units, France's regional councils are to assure the financing of the construction of the locomotives. The French state is to give a subsidy of FFr80m for the first 100 units. SNCF will finance part of the research and launch costs for an amount of FFr211m. The order will come as a relief to GEC-Alsthom, which is jointly owned by Alcatel Alsthom of France and GEC of the UK. SNCF has long delayed the order for new diesel locomotives, contributing to a decision to restructure and cut jobs at the joint venture's transport division earlier this year.

The units, each comprising one motor wagon and one trailer, are likely to be built at GEC-Alsthom's plant in La Rochelle in western France. The order is not expected to result in increased employment in the company's transport division.

UK-Greek group in tunnel deal

A British-Greek joint venture, Christiani & Nielsen-TEGK, has signed an Ecu40.2m ($50m) contract to build a 1 km undersea tunnel linking two ports in western Greece, writes **Kerin Hope in Athens.** The tunnel project, which is still to be ratified by parliament, is the first infrastructure project to be launched under the European Union's Ecu16.8bn funding package for Greece. Christiani & Nielsen-TEGK was the lowest bidder among 10 consortia shortlisted for the project. The choice of a tunnel, between Aktion and Preveza at the entrance to the Ambracian Gulf, rather than a bridge was made on environmental grounds to protect the gulf and the site of a famous ancient naval battle in 31 BC.

$130m GM contract for Saab

Sweden's Saab Automobile said yesterday it had received a SKr1bn ($135m) order from General Motors, one of its joint owners, for the supply of 40,000 manual gearboxes a year over five years, writes **Christopher Brown-Humes in Stockholm.**

It is the second large order which Saab has received from GM since the US group took a 50 per cent stake in the company five years ago. It will increase Saab's production by around 50 per cent to 115,000 manual gearboxes a year while deliveries to GM will rise six-fold to 48,000 gearboxes a year. The order was placed by GM's US Powertrain Division, GM's main US development centre. The gearboxes, used in Saab's 900 and 9000 models, will be fitted to a new GM model which is due to be manufactured in the US later this decade. In 1990 Saab received an order for up to 65,000 gearboxes a year for GM cars produced in Europe. Deliveries are currently running at only 8,000 a year because of the recession in the German car market.

■ Bouygues Offshore, a unit of Bouygues of France, has signed a FFr840m ($158m) contract to rebuild Nigeria's Forcados oil terminal for the Nigerian unit of the Royal Dutch/Shell group.

■ Japan's four steel pipe makers - Sumitomo Metal, Nippon Steel, Kawasaki Steel, and NKK - are set to export steels pipes to Russia between October and the end of this year.

■ Electrolux of Sweden is considering a joint venture with Polish washing machine producer Swiatowit Myszkow to develop appliance sales in central Europe. Electrolux has signed a letter of intent with Myszkow to start assembling Electrolux products in January next year.

Chinese will be encouraged to buy cars

By Tony Walker in Beijing

China will soon begin providing incentives to individual car buyers to help boost its fledgling automotive sector as part of a policy aimed at encouraging widespread car ownership.

Speaking after a two-day conference in Beijing, Mr He Guangyuan, China's minister of machinery, said that individuals would become the main purchasers of cars and the incentives were designed to encourage this trend.

Mr He did not provide details but it seemed he was proposing that bank loans or other forms of finance be made available to facilitate car purchases.

The official China Daily newspaper reported officials responsible for the automotive sector as saying that to "increase sales the state will introduce incentives to car buyers to boost market demand".

Individuals, as opposed to companies and work units, make up only a fraction of car owners. Of the estimated 1.2m cars on China's roads 5 per cent are owned privately, according to China Daily.

Mr He also announced the government would increase its support over the next two years for four existing car makers in an effort to boost production.

China's new automotive policy sets as its goal the development of a mass production automotive sector by early next century to meet an expected booming demand for cars.

China's production goal for the year 2000 is some 1.36m cars, with 90 per cent of the market to be supplied from local production. Output would rise to 4m by the year 2010.

In 1993, China produced 234,000 passenger cars out of total production nationwide of 1.3m vehicles. More than 300,000 vehicles including trucks, commercial vehicles and cars were imported.

Among manufacturers singled out for government support were those in which Volkswagen of Germany and Daihatsu of Japan are involved. Mr He did not provide details of assistance, but Beijing recently announced it would provide additional funds for the automotive sector.

The authorities are also making clear they will play an active role in the rationalisation of an industry whose production has hitherto been scattered among dozens of small inefficient plants, some of which produce a few vehicles each month.

Thousands of components manufacturers are also being warned that unless they achieve economies of scale through mergers or joint ventures with foreign partners they will be forced out of business.

Mr He announced that some 350 components businesses out of an estimated 4,800 throughout China would get government assistance. Again, no detail was provided of the form this assistance might take.

China has placed a freeze on new automotive manufacturers entering the market until 1996, but international companies are being urged to participate in upgrading the components sector.

Such companies as Ford, GM, Toyota and Nissan, have been told that to participate in the components sector is virtually a prerequisite for permission to become involved in manufacturing. This has prompted a scramble for Chinese partners among component suppliers.

Keating airport plan takes off despite left

Lease clause a concession to Labor party opponents, writes **Nikki Tait**

Australia's Labor government yesterday approved plans to sell the 22 airports owned by the Federal Airports Corporation to the private sector, a deal which could net A$2bn (£900m) for the Treasury.

But the decision was taken only after an important concession to the left wing of the party, which is opposed to privatisation. The airports will be sold on a "long lease", rather than a freehold basis, and the state will continue to own the commonwealth land on which they are sited.

Even so, it still has to steer the proposal through its annual party conference in Hobart next week. What shape the airports sale takes, and what markers are set down for future privatisation policy, will be keenly debated.

The government of prime minister Mr Paul Keating is also hoping to sell off a 75 per cent stake in Qantas, the national airline, an 80.6 per cent stake in the Australian Industry Development Corporation (AIDC), an investment and project finance group, and a handful of smaller assets.

The plans were outlined in the budget in May, and expenditure plans depend on proceeds of A$2.45bn during 1994-95. They are intended to follow privatisation receipts of more than A$5bnsince the late 1980s.

Labor party policy justifies public ownership because it makes "essential services ... available at affordable prices to all Australians". It also requires that any privatisation proposal be scrutinised to ensure that it does not "weaken the sense of national identity" associated with the business in question, or "concentrate power in the hands of narrow private interests".

A new policy is being proposed for the conference. It refers to "improving the provision of community services through the public sector, non-government community organisations and the private sector as appropriate" and ensuring that any sale has a net benefit to the community.

Already, opponents have organised anti-privatisation rallies in cities across Australia in recent weeks.

The Qantas sale has been accepted as a fait accompli, and is planned to go ahead in the first half of 1995. A 25 per cent stake in the airline has already been sold to British Airways and the company has been gearing up for a stock-market share sale.

Earlier this week, it reported improved earnings results for 1993-94. The only rumblings on the Qantas front centre on the scale of the employee share ownership scheme required as part of the sale.

But the nation's airports are much more contentious. There are 22 separate properties, ranging from Sydney's Kingsford Smith, which handles 16m passengers a year, to Bankstown, with 7,500.

The FAC was formed in 1988, to make national airport strategy more coherent and less susceptible to political whim. It is profitable and, given the potential growth in Australia's tourism industry with the Olympics Games in Sydney in 2000, there is thought to be a lot of buyer interest. Britain's BAA has already been mentioned.

While the larger airports, such as Sydney, Melbourne and Brisbane, are profitable, many of the smaller ones are not. Independent studies are thought to advise that the maximum proceeds would be raised by selling the assets as a single block.

From a political perspective, however, clustering the properties might be a more viable proposition, since this would offer more opportunities for local or state-based investors to be involved. This approach might also have the advantage of appearing "pro-competitive", the argument being that different groups of regional airports might then vie for business.

While wrangling continues over the particulars of the airport sale, the bigger question is how much further a Labor government will be able to push Australia's privatisation programme.

The biggest potential candidate is Telstra, the government-owned telecommunications group. However, ministers have indicated that it will not be sold in the current term of office.

MAIN AIRPORTS

	Sydney	Melbourne	Brisbane	Adelaide	Darwin	Perth
Profit/(Loss) Before Interest ($A000s)	71,056	41,368	34,126	7,154	(2,135)	10,188
Passengers	15,633,288	10,417,481	7,026,180	3,051,895	608,013	3,061,929

Mugabe pledges to retain socialism

Zimbabwe's president, Mr Robert Mugabe, brushing aside the demise of communism, pledged his party's commitment to socialism yesterday and also said he would speed up control of the economy by the black majority, Reuter reports from Harare.

"Socialism remains our sworn ideology," Mr Mugabe told a congress of his ruling Zanu-PF party.

Amid applause from nearly 8,000 delegates assembled at the futuristic Harare Conference Centre, he said: "The challenge is to continue to redefine it (socialism) in a manner consistent with our culture and historical experience, the changing times and the aspirations of our people.

"Naturally, such an ideological system calls for a committed and conscious cadreship which agitates for the realisation of our objectives."

Mr Mugabe, in power in Zimbabwe since independence from Britain in 1980, said Zanu-PF found it unacceptable that the majority 10m blacks, who outnumber whites by 10-to-one, were still marginalised in the control of the country's economy.

"Our people still suffer economic disablement as a result of myriad old laws, business practices and prejudices, themselves a legacy of a colonial past that sought a wholesale disempowerment of the blacks. Needless to say, this situation is unacceptable and cannot be allowed to continue," he said.

Mr Mugabe said his government was setting up an investment fund which, together with an improved business climate in Zimbabwe brought about by western-backed economic reforms, should quicken the pace of transfer of economic power.

He also pledged to accelerate a controversial plan that allows the state virtually to seize mostly white-owned farms to resettle thousands of blacks thrown out of their original homes by previous white governments.

"Currently five million hectares of land is being purchased from the large-scale commercial area to bring total land acquired for resettlement purposes to 8.3 million hectares," Mr Mugabe said. The plan, introduced in 1992, is opposed by Zimbabwe's 4,500 commercial farmers - producers of most export crops and food.

The five-yearly congress will also elect new leaders for the party that has ruled alone for the past 14 years.

Work in progress on Kap Shui Mun viaduct and the 2.2km Tsing Ma suspension bridge (background) which will link Hong Kong to its new airport, due to open in 1997 Reuter

HK group plans $12.7bn power plants in India

By Stefan Wagstyl in New Delhi

India said yesterday that Hopewell Holdings, the Hong Kong based group run by Mr Gordon Wu, is planning to build two power stations worth $12.7bn in what would be India's largest foreign investment. Although the scheme is at an early stage, the news will boost India'a efforts to promote confidence in the economic reforms started three years ago.

The announcement, made yesterday by Mr N.K.P. Salve, power minister, comes a few days before the annual meeting in Madrid of the International Monetary Fund and World Bank, where India's economy will come under scrutiny.

Mr Salve said Hopewell's scheme would be the largest power project planned in India. Hopewell has yet to decide the sites for its power stations which would each consist of eight units of 660MW.

They would come on stream in stages between 1999 and 2003 if Hopewell secures the necessary clearances by early next year. The stations would be coal-fired using Indian coal.

Under a memorandum of understanding to be signed by Hopewell and Powergrid, a state owned power transmission undertaking, the output is to be sold to Powergrid which would sell the electricity to state electricity boards (SEBs). Hopewell would therefore avoid dealing directly with the loss making SEBs, which are subject political interference, notably over pricing.

India has received about 100 offers from private groups to build power stations since it invited investment in the sector two years ago as part of its economic liberalisation programme. Seven schemes are in the final stages of preparation though none has yet received a final go-ahead from investors and bankers. In order to encourage investment the government is backing these seven schemes by offering guarantees that the SEBs will pay their bills.

● Turnover on India's bourses will more than triple over the next three years with their capitalisation doubling to $300bn, according to a study by Barclays de Zoete Wedd (Asia), Reuter reports from Bombay.

"Never since the East India Company landed 300 years ago has India been the object of as much foreign commercial interest as today," said the study.

BZW said India was at an early stage of the current business cycle. "We see this driving strong earnings growth for at least the next three years," according to the study made available to Reuters yesterday.

It forecast that the 30-share index of the Bombay Stock Exchange, the largest of 23 India's bourses, would reach the 5,000 level by March. It was trading around 4,500 this week, down slightly from its September 12 record close of 4,628.57. India has been one of Asia's most attractive emerging markets this year, rising some 34 per cent since January.

But BZW cautioned that state elections in December and early 1995 would create some uncertainty in the market, but would not be a long-term factor.

NEWS IN BRIEF

Weather men 'worth $20bn'

Weather forecasts save the world economy some $20bn-40bn a year, the World Meteorological Organisation claimed today. Benefits from meteorological and hydrological services are typically five to 10 times the amount spent of around $4bn a year, the WMO says, Frances Williams writes from Geneva.

Examples presented to an international conference in Geneva, which ends today, include rockets used to combat potentially catastrophic hail in Hungary, typhoon warnings in Vietnam and extensive benefits to farming and aviation.

The British Met Office said earlier this week that for Britain alone, weather forecasts save almost £1bn nationwide.

Red Cross search agreed

Kuwait and Iraq are ready to accept a proposal by the International Committee of the Red Cross to form a technical team to investigate the fate of all people missing from the 1991 Gulf War, the ICRC said, Reuter reports from Kuwait.

Mr Arnold Luethold, ICRC delegate for the Arabian peninsula, said formation of a technical team, the details of which had yet to be settled, would speed the search for the missing.

Most of those missing are the 600 Kuwaitis alleged by the emirate to be held in Iraq, which occupied Kuwait for seven months in 1990-91.

"Kuwait and Iraq have informed the ICRC that they are ready to accept the proposal," Mr Luethold, who is based in Kuwait, said in a telephone interview.

The return of captives held in Iraq was a condition of the ceasefire imposed on Baghdad after a US-led multinational force ejected its troops from Kuwait in 1991.

Vietnamese arrive home

A first group of Vietnamese boat people forcibly sent home by Hong Kong for six months arrived quietly in Hanoi yesterday despite a turbulent start to the deportation in the British colony earlier this week, Reuter reports from Hong Kong.

The 33 boat people, most deported against their will, filed off the aircraft at Noi Bai airport without apparent resistance.

The flight marked the resumption of Hong Kong's repatriation programme after a six-month gap.

The last forced repatriation was in March. The programme was suspended after a controversial April police raid.

Israel to attend talks in Morocco

By David Horovitz in Jerusalem

Officials from Israel, Jordan, Tunisia, Egypt, Saudi Arabia and the Palestinian self-rule areas have all accepted invitations to an unprecedented Middle East economic conference, to be held in Casablanca at the end of October, Mr Shimon Peres, Israel's foreign minister, announced yesterday.

The three-day conference, to be hosted by King Hassan of Morocco, is designed to bring representatives from companies around the world into contact with the region's governments, to hammer out substantive projects for Middle East development. About 1,000 international companies are understood to have accepted invitations.

High on the conference agenda, said Mr Peres, are plans for a regional development bank to fund Middle East reconstruction, initially capitalised at $10bn (£6.3bn), with 40 per cent coming from the Middle East and 60 per cent from outside the region.

The meeting would also focus on projects to make the most of the region's scarce water resources. He said a $13bn investment was required over the next decade, and that a joint German-Japanese proposal for the construction of a canal from the Mediterranean to the Dead Sea was already under serious consideration.

Other areas crying out for investment, he said, were tourism and infrastructure. There were new hotels to be built to take advantage of a boom he expected in package tours taking in Egypt, Israel and Jordan, and new ports, airports, railroads and telecommunications networks to be developed.

Mr Peres said the conference could be "a turning point" for the Middle East, if it helped give international investors the confidence to commit themselves to big projects in the region. He noted that the Arab world had made investments of more than $600bn in Europe over the past decade, while Europe had invested just $20bn in the Middle East. It was time, he said, to change that balance.

Estimating that living standards in the west were an average of 20 times higher than in the Middle East, he stated that economic improvements represented the most effective means of reducing extremism and instability. "Fundamentalism cannot be countered with guns and rifles," the Israeli foreign minister said. "There has to be an economic solution."

Court halts Manila's VAT plans

By Jose Galang in Manila

The Philippine government has suffered a new hitch in its bid to launch an expanded value-added tax (VAT) system, a significant component of its economic programme.

The Supreme Court told the government yesterday to refrain from implementing the tax scheme, because a restraining order issued last June still applied.

The court injunction was issued after the filing of several cases separately by groups opposing the expanded VAT because they argued it was "unconstitutional" and would lead to sharp price increases.

VAT, originally introduced in the Philippines in 1988, is being expanded under a new law to cover more economic sectors in order to bolster the government's revenue base.

The government won a favourable ruling on the petitions, but the court said this did not lift the injunction, which was separately issued.

After that ruling, the government announced it would start collecting the new tax from October 1.

The opposing groups have appealed for a reconsideration of the August court ruling, and the court said that since the case "remained pending", the temporary injunction would continue to be in force.

The government had hoped that the expanded VAT system would increase revenue collections by about 8bn pesos (£195m) a year, helping keep its budget deficit to 2.2 per cent of GNP this year under its economic programme that gained International Monetary Fund support only last June.

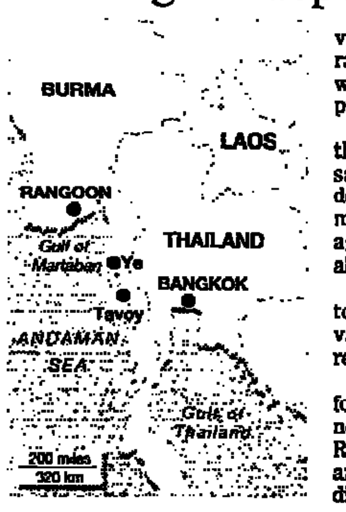
Jungle rebels may fall victim to gas pipeline

William Barnes in Bangkok reports on the controversy surrounding a Total-Unocal deal

A $1bn gas pipeline to be constructed by the French Total company and Unocal of the US could force ethnic minority guerrillas opposed to Burma's military regime into accepting a dubious ceasefire and political compromise.

The deal to build a 260-mile-long pipeline carrying gas from the Yadana field in the Gulf of Martaban into Thailand was signed earlier this month after two years of negotiations.

The gas supply will begin in mid-1998 and will fuel a new 2,100-megawatt gas and oil fired power station in Ratchaburi province, near Bangkok, as part of efforts to boost electricity supplies.



The project has been criticised by human rights groups who argue that the pipeline must run through jungle contested by Mon and Karen minority insurgents which, they say, will encourage the military regime to use brutal methods to suppress the rebels. Refugees fleeing into Thailand have reported that the Burmese army has press-ganged villagers into helping extend a railway line from Ye to Tavoy which might ferry troops to protect the pipeline.

The Mon guerrillas, allies of the government-in-exile, have said they will attempt to destroy the pipeline "by any means possible" in protest against the human rights abuses.

The Burmese army is likely to rigorously protect such a valuable source of hard-currency exports.

The pipe would have closely followed the route of the Japanese army's notorious Death Railway on which 16,000 Allied and 100,000 Asian prisoners died during the second world war until security concerns forced the route further south.

Unocal has strongly denied that the pipeline's construction will result in any human rights abuses or damage to the environment. "These allegations troubled us deeply.

"We investigated and found them to be false," said Unocal's chief executive Mr Roger Beach in July.

Total holds 52.5 per cent of joint venture with Unocal to exploit the Yadana field 43 miles offshore, which may hold more than 5,000bn cubic feet of gas reserves.

This is roughly twice the size of Thailand's Bongkot field, which is also operated by Total. Roughly half the venture's investment will be spent on the pipeline.

The Myanmar Oil & Gas Enterprise has an option to purchase 30 per cent of the venture. Thailand's petroleum Authority has an option on a 15 per cent stake.

The New Mon State Party recently suspended peace talks with the State Law and Order Restoration Council because they say Rangoon negotiators wanted the Mon rebels confined to a small area and offered no political concessions.

But the Thai army has been putting pressure on the Mon insurgents to enter into a ceasefire with the Burmese regime and has forcibly removed refugees from the path of the pipeline at Ban I-Tong where it enters Thailand, according to Burmese opposition groups.

The Mon insurgents say the Thai authorities are using the thousands of vulnerable refugees in Thailand as a weapon to persuade the guerrillas to enter a ceasefire arrangement. Thailand's National Security Council, which takes the lead in co-ordinating border policy, argues that it merely returns illegal economic refugees.

In July the Burmese regime achieved another step in its quest for respectability when its foreign minister attended the annual Association of Southeast Asian Nations ministerial meeting as a guest of the host Thailand.

That same week 6,000 refugees at Halcockhani camp – who had been forced back across the border by the Thai army earlier in the year – were attacked by Burmese soldiers.

The Petroleum Authority of Thailand said recently that the development of another gas field nearer the southern tip of Burma, the Yedagun field, could supply a further 200-250m cubic feet of gas a day "in the near future".

Gas from the Yedagun field would probably be used to fuel a power station in southern Thailand which faces a potential shortage of electricity following slow progress of negotiations to import gas from Malaysia.

Nigeria's oil union loses sacking case

The sacked leaders of Nigeria's white-collar oil union lost a court battle yesterday against their dismissals, Reuter reports from Lagos.

The country's military ruler, General Sani Abacha, sacked the union leaders and those of another oil union last month to try to end a strike. The stoppage was aimed at forcing Gen Abacha to hand power to Mr Moshood Abiola, the undeclared winner of last year's annulled presidential election.

Judge Roseline Ukeje dismissed their application for the sackings to be declared unconstitutional. She said the court lacked jurisdiction to hear the case following recent decrees making government actions unchallengeable in any court.

Mr Abiola is on trial for treason for proclaiming himself president in defiance of the army rulers.

Longer term outlook sees a shift from direct to indirect taxation – but that could threaten the outcome

Tokyo's aim remains the same: to boost demand

By Gerard Baker in Tokyo

The tax changes announced yesterday started life a year ago as an uncomplicated fiscal stimulus intended to breathe life into the ailing Japanese economy.

Through a tortuous series of political and administrative twists in the last year they came, for a while, to represent rather more. Some proponents even claimed that tax reform was part of a broader strategy of social and economic reform that would help Japan's economy to open up to the consumer and to the world. But the final formula suggests that the overriding aim in the end was the same as ever – to boost demand.

The key element remains the fiscal stimulus. The economy is benefiting from income tax cuts of about Y6,000bn (£38bn). The average family this year will be more than Y100,000 better off as a result. The main effect of the package is to maintain that injection of demand for the next three years at least. Fiscal retribution, if and when it comes, in the form of higher consumption tax, is deferred.

That could normally be expected to boost consumption. But in the past, Japanese taxpayers have tended to save a very high proportion of their extra revenue from tax cuts – up to half by some estimates. That limits the benefits to the economy of any fiscal stimulus. Worse still, some economists fear that if consumers believes the benefits of the tax cut will be removed in three years' time by an indirect tax increase, they may choose to set aside even more of the extra money in savings.

But the inclusion of a clause in the tax, proposals to allow the government to reconsider the consumption tax increase in the light of prevailing economic conditions is crucial.

It is likely to make consumers feel a little less uneasy about the delayed tax rise. Mr Hirohiko Okumura, chief economist at the Nomura Research Institute, argued that the opt-out clause was crucial.

"The income tax cut will only raise consumption significantly if the taxpayer does not think he will have to pay higher consumption tax in the future, regardless of the economic conditions," he said.

Higher consumer demand should also translate into good news for the world's trade imbalances. There have been signs in the last few months that the high yen has started to stimulate imports; that process has been assisted by the current year's tax cuts and is likely to be accelerated by the new fiscal stimulus.

But in the longer run, Japan's trading partners may be less optimistic that the changes will radically alter the structure of Japan's economy.

If the consumption tax increase goes ahead as planned, it will represent a significant shift in the burden of taxation from direct to indirect tax.

It is unlikely that will encourage Japanese consumers to spend more and save less. In fact the shift from direct to indirect taxation normally has the opposite effect, since it raises the real cost to the taxpayer of spending relative to saving.

However, the scope of fiscal policy, and of this particular fiscal package, was not intended to be so wide.

As Ms Mineko Sasaki Smith, economist at Morgan Stanley in Tokyo, pointed out: "This was never intended to do more than give an immediate stimulus, while remaining revenue-neutral in the long run. Real economic reform still awaits the opening-up and thorough deregulation of Japan's economy."

Premier's fast fiscal footwork likely to be welcomed by Japan and US

William Dawkins reports on the reforms that follow a year of wrangling

Mr Tomiichi Murayama, Japan's Socialist prime minister, yesterday showed himself to be just as unencumbered by ideology as his new partners in the Liberal Democratic party.

The fiscal reform package his cabinet approved includes a rise in consumption tax, opposed by Mr Murayama's own Social Democratic party until he ditched its fiscal dogma yesterday, in the interests of keeping the government together and staying in power.

Needless to say, the other part of the scheme, cuts in income taxes, will bolster the coalition's recently rising popularity. It will also win some applause from the US government, eager for Japanese consumers to spend more on imports and reduce the politically troublesome trade surplus. The US, never sympathetic to the Japanese finance ministry's attempts to increase the tax base, will be less happy about the rise in the sales levy.

Japan's Socialists have thrown out their old policies at high speed, since taking office at the end of June in a three party coalition dominated by their former enemies, the conservative LDP. Opposition to the military and to Japan's security treaty with the US were the first to go; consumption tax is the latest.

As a result, what started out only three months ago as one of the oddest political marriages in the world, has grown into an effective working alliance. Yesterday's decision opens the way to ending more than a year of wrangling on tax policy, assuming the SDP can maintain unity on the tax change. It suggests Japan may be less of a political mess than it looks.

Mr Murayama's fast fiscal footwork is equalled only by the LDP itself, which took 10 years of painful internal wrangling to get consumption tax introduced in 1989, under pressure from the finance ministry. Late the same year, the LDP nearly scrapped sales tax after losing its majority in the upper house of parliament because of popular resentment of the new levy.

Ever since, the finance ministry has been patiently working to bring a rise in Japan's internationally low 3 per cent sales tax. It argues that the government needs to raise more revenue from indirect taxes to make up for an erosion of the income tax base caused by a the rising proportion of pensioners and falling number of wage earners.

But the ministry's strategy of adjusting Japan's lop-sided tax base last year became muddled up with the need to cut income taxes to stimulate private spending. Soon after taking office in August 1993, the coalition government of Mr Morihiro Hosokawa, former prime minister, started to plan an income tax cut, under pressure from the US.

> Mr Murayama, a Japanese cabinet novice, had little choice but to take the cue from his finance ministry advisers

The finance ministry saw its chance to capitalise on the confusion and achieve that increase in consumption tax, by making it a condition of Mr Hosokawa's income tax cut.

The aim was for the tax change to be revenue neutral; that is to say the rise in private income was to be wiped out by the rise in consumption tax, due to take effect in three years' time.

Yesterday's package suggests a rise in consumption tax from 3 per cent to 5 per cent, rather than Mr Hosokawa's original scheme for a 7 per cent sales tax, but the broad economic impact will be about the same because the income tax cut is smaller than that proposed by the former leader.

Mr Hosokawa went for the ministry's trade-off, but made the mistake of announcing a combined income tax cut and consumption tax rise – last February – without consulting the SDP, the largest partner in his coalition. The ensuing row contributed to the downfall of Mr Hosokawa's government last April and made it impossible for the SDP to trust his main adviser, Mr Ichiro Ozawa.

The ensuing government of Mr Tsutomu Hata, also based on Mr Ozawa's influence, managed to struggle on for only two months until the end of June, when a disgruntled SDP threw in its lot with the main opposition party of the time, the LDP.

Mr Murayama, a novice in the Japanese cabinet, had little choice but to take the cue from his finance ministry advisers and promised a sceptical Group of Seven meeting, in early July, just days after taking office, that he would produce a tax reform by the end of the year.

Ironically, a cut in Japan's official interest rates would have been a faster way to stimulate demand, believes Mr Geoffrey Barker, chief economist at Baring Securities. Japanese direct and indirect tax rates are already low by international standards, while corporation tax rates are higher than average.

But an interest rate cut would have weakened the yen, harming US hopes for a smaller trade surplus. That is why the spotlight has been kept on fiscal, rather than monetary policy in US-Japan economic discussions.

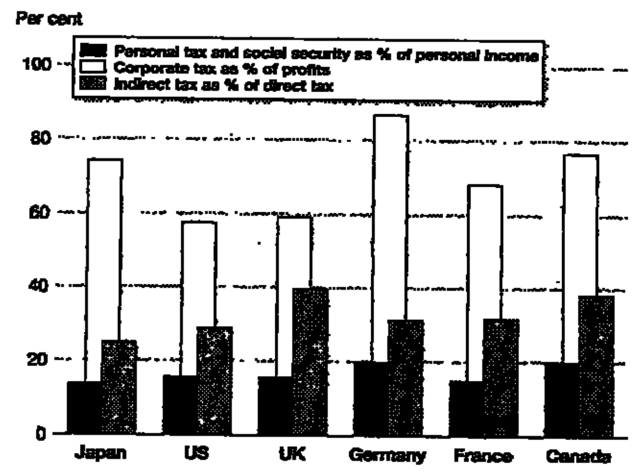
Washington's fiscal message was driven home again earlier this week in a discreet meeting between Mr Laurence Summers, US treasury undersecretary for international affairs and Mr Noboru Takeshita, the former LDP prime minister who is now the government's behind-the-scenes dealmaker. It has left Japanese bureaucrats with an uncomfortable feeling that the US had succumbed to the temptation to intervene in domestic politics.

But for better or worse, that political decision clears the way for a tax package to be presented to parliament at the next session, opening on September 30. If Mr Murayama's Socialist followers prove as fast on their feet as he, Japan's surprising new government will surprise its critics and deliver on tax, where two previous administrations failed.

Main points of Japan's tax reform proposals

- Income tax cuts and consumption tax increase to be proposed in a single package of bills for legislation by the end of the year
- Income tax to be cut by Y5,500bn annually in 1995 and 1996, continuing an existing Y5,500bn cut in the current year. Of that, Y3,500bn is to be permanent and Y2,000bn temporary.
- Sales tax to be increased from 3 per cent to 5 per cent from April 1997, subject to review six months before implementation
- Alter tax brackets, to reduce the burden on middle income earners and smooth out the rise in marginal rates for higher earners.
- Basic rate threshold, for married man with two children, to rise from Y3.27m per year to Y3.59m.

Tax and non-tax burden



Source: Bank of Japan

Telecom laggards to demand more help

World telecommunications ministers ended a meeting of the International Telecommunication Union yesterday dominated by developing countries complaints that they were being left behind on the information superhighway, Reuter reports from Kyoto.

The meeting of 49 ministers issued a vague communique that said they were committed to developing global telecommunications but it left unresolved how to cope with competition and how to bridge the gap between nations such as the US and developing countries.

The meeting Japanese city appeared to signal that developing nations believed the time had come to raise their voices and demand more help to improve just their basic domestic services.

It was in stark contrast to a satellite speech many delegates heard only hours earlier from US Vice President Al Gore who called for governments to redefine their role in telecommunications.

"We believe that sound market principles can foster the efficient and free flow of communications worldwide," Mr Gore said in his speech from Washington to the meeting in Kyoto. The so-called Kyoto Declaration said: "We will commit ourselves to work toward advancing the world's telecommunications structure, enabling all our citizens to share its benefits as we progress towards the 21st century."

But speaker after speaker from the Third World said they were struggling just to provide a telephone call to a village, let alone drive on the Global Information Superhighway.

"In view of the severe imbalance of global telecommunications development, we believe that the construction of the telecommunications networks for the 21st century should start from the actual situations of various countries and progress in a planned and step-by-step way," Mr Wu Jichuan, China's minister of telecommunications, said.

PEOPLE:

UD catches Finn Johnsson in its gin trap

Guinness has ended the almost year-long search for a successor to Crispin Davis, former managing director of United Distillers, with the surprise choice of Finn Johnsson, chief executive of Euroc, Sweden's largest building products group.

The decision to plump for a second MD for Guinness' spirits division who has no experience of the drinks market came as a surprise to City analysts. The departure of Davis – famous for the decision to reduce the strength of Gordon's gin – after little more than a year was widely attributed to his experience in marketing consumer goods with Procter & Gamble.

It is widely believed that Davis wanted UD to compete more strongly on price – as competitors are doing – while Guinness chairman Tony Greener, with his background in Dunhill, retained his faith in building premium brands.

Greener says there is no reason why the head of UD should be a drinks man, as the company has "plenty of people with drinks and marketing experience. I was not specifically looking for somebody who understands the drinks industry. I was looking for somebody with substantial international experience, running businesses around the world in highly competitive markets and who knew his way around the world.

"Finn Johnsson fulfils that specification. He is someone who is a good leader and general manager of a highly competitive international business." Greener adds that after a Europe-wide search, Johnsson was "clearly the best candidate".

Analysts suspect Johnsson's lack of drinks experience means Greener will continue, initially at least, to have a dominant influence on UD's strategy.

But Johnsson's achievements at Euroc, which he joined as chief executive in 1990, suggest he is not a soft touch. He has gained respect in Sweden for turning the company round and restoring it to profit, in spite of a recession in building products and cement.

Before Euroc, he spent 14 years running international consumer products companies with Swedish Match, subsequently Stora. He ran companies whose business interests were mainly outside Scandinavia, and gained management experience in the US, Western Europe and the Asia-Pacific region.

Johnsson says he is excited at returning to branded consumer goods where he spent so much of his career. But he has to wait a few months yet. The agreement with Euroc is that he will not take up his new post until February.

Finance director for Cadbury Schweppes

David Kappler, 47, was appointed group finance director designate of Cadbury Schweppes yesterday, replacing David Jink who retires in March next year after 32 years' service.

Kappler joined Cadbury in 1965 as a trainee accountant. After qualifying in 1969, he completed various assignments before becoming factory accountant at the Bournville plant. Promoted for his accountancy acumen, he was also known for his rugby playing talents and captained the Bournville rugby team.

In 1977 he left to become financial director for the cleaning products group Jeyes, which was then owned by Cadbury Schweppes, leaving seven years late to join Trebor, the sugar confectionery company, where he became finance director.

In 1989 Kappler was one of the driving forces behind the negotiations leading to Cadbury's purchase of Trebor and was appointed finance director of the Cadbury Group after the acquisition. He joins the Cadbury Schweppes' board in January 1995. (See Observer).

■ Keith Douglas-Jones has been appointed operations director of BUPA Membership; he moves from American Express in New York.

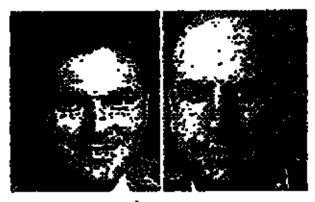
Finance moves

■ **Robert Dix**, formerly finance director of CHARTERHOUSE Bank, has been appointed group finance director of the parent company. Pauline Emburey has been appointed corporate finance director of operations and to the board of Charterhouse Bank.

■ **Robin Lacey** has been promoted to director and head of UK institutional marketing at FLEMING Investment Management following Patrick Johns' departure.

■ **Louis d'Alençon**, formerly director of debt origination and derivative marketing at Merrill Lynch, has been appointed md of UBS' financial institutions group for financing and risk management. Mark Howdle, formerly head of global strategy at J.P. Morgan, has been appointed director and head of European equity strategy at UBS. Daniel Smaller has been appointed director and head of equity emerging market sales for UBS in London; he moves from Lehman Brothers.

■ ***Martin Dunnett*** (below left), formerly marketing director of Hill Samuel Financial Services Group, has been appointed UK marketing director of SCHRODER VENTURES.



■ **Tom Boardman** (below right), formerly strategic change director of Prudential Financial Services, has been appointed md of NATIONWIDE Life and Nationwide Unit Trust Managers.

■ **Björn Ramell**, formerly head of the London branch of ASLK-CGER Bank, has been appointed head of institutional banking, northern Europe, for CREDIT SUISSE.

■ ***Roy Keenan*** has been promoted to md of BANK OF IRELAND Mortgages, based in Reading.

■ **Debra Schinasi**, formerly a director of Baring Securities, has been appointed a director of Global Emerging Markets Equities at SALOMON BROTHERS.

Head of Private Finance Unit

The Treasury has a new mastermind for its efforts to attract private capital into the provision of public services. Richard Saunders has taken over as head of the private finance unit from Kingsley Jones who joins the team working on the department's fundamental expenditure review.

Saunders, 42, has spent the past two years in Washington, where he was economic counsellor at the British embassy. His work there has included liaison with the administration and Congress on economic issues, banking and tax.

Before that, he was Treasury press secretary between 1990 and 1992, seeing Norman Lamont through the deepening recession and the negotiations over European Monetary Union leading up to the Maastricht treaty.

A graduate of Trinity College, Cambridge, Saunders joined the civil service in 1974, initially with the old Civil Service Department. When it was abolished in 1981, he moved to the Treasury, where his posts have included a spell as private secretary to the permanent secretary, Sir Peter Middleton. He worked on the 1986 building societies reform and covered health in the public expenditure division during the government's national health service reforms.

Saunders' new role involves liaising with Sir Alistair Morton's Private Finance Panel and its full-time team in identifying projects where private finance could play a part. His job will be to lift any obstacles blocking such projects, either in the Treasury or elsewhere in Whitehall.

(See Leader)

UK alleges EC procurement malpractice

By Andrew Baxter

The UK plans to press the European Commission to play an increased role in monitoring the £500bn a year European public procurement market in an attempt to reduce alleged malpractices by other member states.

The move is intended to address concerns that British companies may be losing out in Europe because of abuses of the European Union's public procurement directive, which is intended to open all but the smallest public contracts to European-wide competition.

The directive, introduced at the beginning of last year, is a central element in the EU's single market programme. The public procurement market accounts for about 15 per cent of the EU's gross domestic product.

Mr Neil Hamilton, the Department of Trade and Industry minister with responsibility for internal market issues, said many UK companies were making the most of opportunities which the single market had brought and were winning new business in Europe.

But, he said, "it is important that where the single market is not delivering those opportunities, we should take action to put things right."

He was unveiling the final report of the DTI's year-long public procurement review, conducted with the help of members of the Confederation of British Industry and trade organisations.

It showed there had been no significant change in cross-border purchasing patterns. And it found systematic abuses of the system by purchasers in other member states which were likely to put British companies at a disadvantage.

These include abuse of the so-called "accelerated procedure" for fast-track contracts, and the use of procedures for selecting bidders in a way that disadvantages foreign or non-traditional suppliers.

DTI officials said individual complaints were few. Of about 220 replies to the department's questionnaire only eight cases of substance remained after excluding companies which did not want to pursue the matter.

The study said this could be because the legislation is recent and companies had little experience of it, or because of their lack of confidence in, or knowledge of, available enforcement mechanisms.

A 19-point action plan includes recommendations that alleged malpractice be taken up immediately at a political or senior official level within the European Commission, which is urged to monitor the market more closely. UK officials said more needed to be done to advertise public contracts and awards properly in the EU Official Journal.

Major ends row with Thatcher

By Kevin Brown in Pretoria

A long-distance row between Mr John Major and Baroness Thatcher over South Africa's economic prospects is over, the prime minister said yesterday.

The row blew up after Lady Thatcher told businessmen in Bombay that foreign capital was unlikely to flow to South Africa because of concerns about violence.

Her comments – which cast a shadow over Mr Major's three-day official visit to South Africa – irritated Mr Major's party because they contradicted the prime minister's repeated declarations of confidence in the ability of the government of national unity to achieve prosperity.

Mr Major welcomed a clarification of Lady Thatcher's remarks, issued by her office in London after worried British officials pointed out the potential diplomatic damage.

The statement, which expressed support for the South African government and confidence in the country's economic future, "answers the point thoroughly", Mr Major said before leaving for London.

He said Lady Thatcher had encouraged investment in South Africa and assistance for the impoverished black townships throughout her 11 years as prime minister, which ended in 1990.

"That she wishes South Africa well, and has done so continuously, I don't think there is a shred of doubt," he said.

Mr Major's successful South African trip, which also included short visits to Saudi Arabia and Abu Dhabi, has reinforced the growing confidence among his advisers that the government's worst problems are over.

Asked at a press conference in Pretoria whether the government's fortunes had reached a turning point, the prime minister responded cautiously: "No wise politician ever says that."

David Owen interprets the niceties of a peace procession to the US

Ulster lines up for Washington

It has been choreographed more carefully than a provincial wedding.

The post-ceasefire procession to Washington by Northern Ireland's leading politicians is being accompanied by an attention to detail that would do the most assiduous matron of honour proud.

These diplomatic niceties allow observers to assess where the main participants in the Northern Ireland peace process stand in the Administration's eyes. This is particularly welcome since it is not clear what tangible rewards the politicians will achieve.

The most important guest is Mr John Hume, leader of the mainly Catholic Social Democratic and Labour party. His unmatched status is his reward for painstakingly building contacts on Capitol Hill over 20 years and for his strenuous efforts to keep Northern Ireland high on the political agenda.

It is significant that he was the first of the Ulster retinue to arrive. He was also granted an audience with President Bill Clinton during his meeting with Mr Al Gore, the vice-president, on Tuesday.

Whether his request for duty-free entry to the US for some goods made in Northern Ireland and the border counties of the Irish Republic will bear fruit remains to be seen. But his more general point, that US aid to the province should be channeled towards developing long-term opportunities rather than what one Hume aide described as "a gift-cheque peace dividend", will have received a sympathetic hearing.

Other guests are the Ulster Unionist party delegation which arrived in Mr Hume's slipstream. They too were granted a meeting with Mr Gore as well as senior administration officials such as Mr Anthony Lake, Mr Clinton's national security adviser.

Earlier this week, Mr David Trimble, the UUP MP for Upper Bann, offered an insight into the delegation's agenda, saying: "Our concern is to ensure that the pressures of domestic American politics do not intrude into our affairs."

Hume: audience with Clinton

Mr Adams, due to arrive in the US shortly, is the black sheep who is likely to be kept away from the top table.

The Sinn Féin president, who is expected to meet members of both the House of Representatives and the Senate Foreign Relations Committee, *will attempt to build on the* propaganda success of his trip to New York earlier this year, visiting at least 10 US cities.

His visit is set partially to coincide with the presence in the US of Mr Douglas Hurd, the UK foreign secretary. According to the Foreign Office, Mr Hurd will make sure he gets the opportunity to "put on the record" the government's views on the way ahead for the province. There is said to be no question of the two men appearing on the same programme.

At the moment, Rev Ian Paisley, leader of the hardline Democratic Unionist party, is the aggrieved relative who could not bring himself to attend the ceremony.

This may change, however. There are definite signs of a thaw in the party's chilly relations with London in the wake of Mr John Major's promise of a referendum within Ulster on the outcome of political talks on the province's future.

DUP officials acknowledged yesterday that Mr Paisley – currently in Canada – had *received invitations to visit the* US later this year and emphasised that he travels there frequently on private business.

Britain in brief

Output growth may be slowing

One of the first hints that the recent strong growth in UK manufacturing output might be levelling off emerged yesterday in a Confederation of British Industry survey.

The survey, which covers about half of UK manufacturing employment and exports, showed that the proportion of companies which expect output to increase in the next four months fell back in September.

Thirty four per cent of companies questioned said they expected output to rise, while 11 per cent said they expected it to decline. The positive balance of 23 per cent was lower than in August's survey, when it had been 30 per cent.

Hints that the recent surge in activity might be levelling off are unlikely to surprise the City, where many economists have been predicting that output growth would ease towards the end of this year.

Ashdown hints at link with Labour

Mr Ashdown, leader of Britain's third party, yesterday wound up the most fractious Liberal Democrat conference since 1989 by signalling his hopes that party would provide the reforming edge in a post-election partnership with Mr Tony Blair's Labour party.

In a coded message to Mr Blair, Mr Ashdown said the Liberal Democrats had "enough confidence in our own strength to make common cause with others to achieve the best for the future".

*Senior party figures, how*ever, said that this week's gathering has been the worst since the conference following the break-up of the old Liberal-SDP Alliance five years ago.

Post Office sell-off backed by ministers

Kenneth Clarke, the chancellor of the exchequer, and Mr Michael Heseltine, trade and industry secretary, yesterday underlined their determination to press ahead with partial privatisation of the Post Office.

At an informal meeting of the cabinet's committee on industrial, commercial and consumer affairs, the ministers voiced their support for a majority sale of the Royal Mail.

Although they are understood to have the support of Mr Douglas Hurd, the home secretary, Mr John Major is still wary about the potential political cost of a decision Labour says will damage rural post offices.

Insurers issue fire risk warning

The risk of fire in larger supermarkets is causing increasing concern among insurers and safety experts following a spate of losses in recent months.

The lack of compartment walls, which would halt the spread of fire, and the absence of sprinkler systems and roof venting in many stores have been singled out as potential hazards.

The risks were highlighted at a conference this week organised by the Fire Protection Association, a body linked to the insurance industry.

Car output grows by 6%

By Kevin Done

UK car production rose by 6 per cent last month to 70,633 from 66,653 in the same period a year ago, confirming the rising trend of output during the last three months.

During the first eight months, car production has risen by 2.3 per cent to 949,450 *helped by higher output for* export markets.

UK car production was "becalmed" at around 1.375m a year between September 1993 and May 1994, according to the Society of Motor Manufacturers and Traders, with lower output for export offset by higher production for the domestic market.

In recent months output for export has grown consistently, however – by 4.3 per cent year-on-year *in the first eight* months to 362,309 and by 7 per cent in August to 28,524.

Export growth has come from Rover – in particular its Land Rover four-wheel-drive vehicle division – Jaguar, Honda and Toyota, helping to offset declines at Ford, Vauxhall and Peugeot and a sharp fall in production at Nissan.

The SMMT has forecast significant growth in production in the second half of the year *in particular in response to* a demand recovery in continental European new car markets.

Peugeot invests £30m in new line

By John Griffiths

Peugeot Talbot is investing around £30m at its Ryton plant near Coventry to start production of a saloon version of the Peugeot 306 hatchback early next year.

The plant's output is to be increased from 1,820 cars a week to 2,000 a week from January and the extra model will create "several hundred" new jobs among Peugeot Talbot's 70 component suppliers, Mr Geoffrey Whalen, deputy chairman, said yesterday.

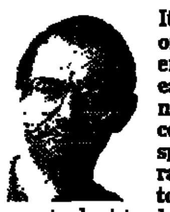
Peugeot Talbot, UK production and distribution subsidiary of the French vehicles group, expects Ryton's total output to rise from 73,000 this year to approaching 90,000 in 1995 and return the company to profitability. Last year Peugeot Talbot made its first loss – £8.7m before tax – since the late 1980s.

Ryton is unlikely to be utilising its full capacity of 120,000 cars a year unless export demand for both 306 models expands considerably. Last year some 26,000 of Ryton's total output was made up of exports.

MANAGEMENT

CHRISTOPHER LORENZ

Learning from inner experience



It is a truism, but one which managers forget all too easily, that companies have a lot in common with most species in the natural world. In order to survive, they must adapt to changes in the environment around them.

The analogy is limited in that companies have an ability, denied to all but a few species, to change their environment. Witness the impact of Apple, Intel and Microsoft on the computer industry, or Marks & Spencer, Ikea and Wal-Mart on retailing.

In order to adapt, a company needs to know what to change, and how. Hence the concept of "learning organisations" – a mantra whose popularity is matched only by the confusion that besets most companies over how to put it into practice.

Since most companies tend to be inward-looking, they are forever – and rightly – being advised to improve their learning from outside. Hence the current emphasis on benchmarking, on closer contact with customers and suppliers, and on more effective ways to connect technology with emerging consumer patterns and behaviour.

But the drive for better external learning is blinding companies to one of the most valuable sources of insight and added knowledge: their own experience. Few organisations make a serious attempt to analyse the lessons of their own recent successes and failures.

Powerful and detailed evidence of how this sort of learning can best be achieved, from the projects by which a company develops new products and processes, has been amassed in a study carried out by a team of US academics.

Drawn from Harvard, Stanford, Massachusetts Institute of Technology and Purdue University, the researchers worked closely with top executives in five leading US companies: Chaparral Steel, Digital Equipment, Eastman Kodak, Hewlett-Packard and the Ford Motor Company, examining 20 development projects. The companies succeeded in learning extensively from some of them, but failed dismally in others.

In a lengthy, three-article report on the project in the latest Harvard Business Review* the academics argue that managers seldom realise that the learning to be gained from a development project is often more important to the company than the new product or process itself. By selecting projects carefully, a company can use them to develop new skills, knowledge and systems.

The reason why development projects are such a good source of learning is that they are, in a sense, a microcosm of the whole organisation, the academics argue. Since project teams are usually made up of people from many parts of the company, development projects test the strengths and weaknesses of its systems, structures and values.

The academics exemplify this by using contrasting examples from

Few organisations seriously attempt to analyse the lessons of their successes and failures

Ford in the late 1980s: the development of the compressor for an air conditioner from which all sorts of organisational lessons were learned and applied on other projects; and the almost simultaneous development in a different part of the company of the 1989 Thunderbird, where potential lessons were neither planned for nor learned.

Probably the most successful learner in the study was Chaparral Steel. A mini mill specialist founded 20 years ago which has become one of the largest US steelmakers, it is best known for its 1980s innovations in horizontal casting techniques.

At Chaparral, virtually everyone is involved continually in development or improvement projects. People work in a variety of functions. They may lead one team and then be members of another. But where Chaparral stands out from the other companies in the study is in the systematic way it selects projects and then applies learning from one project to another.

Chaparral does several things that serve as a model for every company, say the academics. It requires every project to advance the company's capabilities, and plans combinations of them in a logical flow to ensure that they do so. After each project has been completed, Chaparral analyses it to find out what it achieved or failed to, and why.

Auditing of this kind is surprisingly rare, as the academics point out. Only a handful of companies have any kind of auditing system. Moreover, audits tend to be done merely to ensure that a project complies with formal procedures, rather than to analyse its positive and negative aspects so that the company can learn.

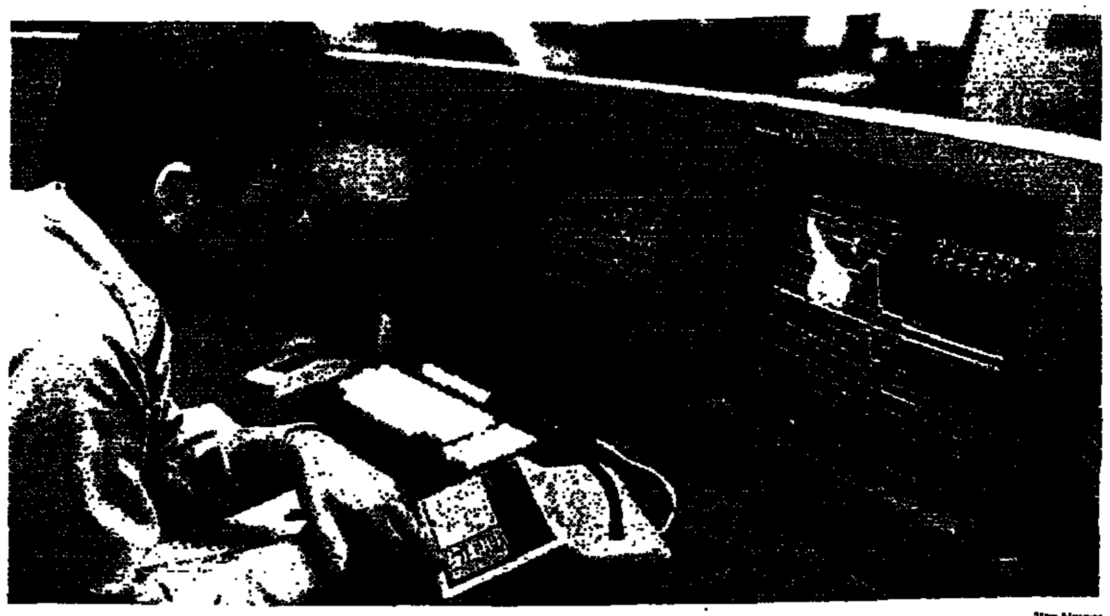
Of the 20 projects in the study, few were audited systematically. The work was sometimes done by reviewers reluctant to highlight problems for fear of embarrassing people and seeming unfair. As a result, a string of projects in the same company tended to suffer from the same mistakes.

In their keenness to transform the way managers think of development projects, the academics do not tackle in sufficient detail the equally challenging question of how to transfer learning not just from project to project, but also from individual business units to the whole organisation.

They also fail to warn against one of the pitfalls of their message; that, in a belated rush to understand the factors that determine the success or failure of individual projects, managers may forget that wider organisational influences – including strategic vision, shared values and reward systems – have an equally important impact on learning.

But the vast majority of companies have no need to worry about this problem as yet. They have not even started delving into the goldmine of their project experience.

**Regaining the lead in manufacturing. Three articles by H. Kent Bowen, Kim Clark, Charles Holloway, Dorothy Leonard-Barton and Steven Wheelwright. Reprint nos. 94501-3. From HBR. Fax (US) 617-495-6985.*



Alan Harper

Annualised hours for signal workers remain an option for the future although 9 per cent of the UK workforce is already covered

Matter of years, not weeks

Employers have welcomed annualised hours because of the flexibility they allow, writes **Robert Taylor**

One issue which might have been on the table at this week's intensive bargaining between Railtrack and the RMT transport union – but isn't – is the introduction of annualised hours for signal workers.

After considerable debate, Railtrack management decided that such a proposal – which would define the amount of working time on the basis of work over 12 months, not each working week – is a step too far for the moment.

"There is a lack of understanding, many staff have difficulty grasping the concept," admits Paul Radley, Railtrack's employee relations manager.

The long-term aim of the state-owned company which runs the UK's rail infrastructure is nevertheless clear: "It would give us enormous flexibility in matching employees' hours to service needs, eliminate excessive premium payments for overtime working and give us greater freedom in changing daily working time patterns," explains Radley.

His wish reflects a growing conviction among managers across British manufacturing and services that annualised hours are a more effective and profitable way of organising an employee's scheduled working time than the traditional weekly approach.

As Gregor Gall from Stirling University's management school explains: "In its simplest form annualised hours is based on the number of working weeks in the year multiplied by the number of working hours per week minus holidays." In most schemes, he points out, there are a number of rostered hours and unrostered hours that are banked to allow maximum flexibility.

The Department of Employment recently estimated that around 2m employees, 9 per cent of the UK workforce, are now covered by annualised hours. The largest proportion (15.8 per cent) are to be found in professional occupations with a high number in teaching. They are followed by plant and machine operatives (10.3 per cent) and craft and related occupations (9.0 per cent). The lowest incidence of annualised hours is among managers and administrators (6.6 per cent).

Companies which have introduced annualised hours to cover at least some of their employees in recent years include BP Chemicals (at its Grangemouth plant in 1993); British Airways; Findus Foods in Newcastle; Fisons Pharmaceuticals; Tesco Distribution; Valor Heating; Matsushita Electric, Hotpoint, Whitbread Beer, Scottish Power, Thames Water, Blue Circle Industries; Manchester Airport; and a number of national health trusts.

Companies operating annualised hours seem well satisfied by its results. Half the companies surveyed by the independent group Incomes Data Services last year, for example, welcomed the "flexibility" such schemes provide. Matching work to seasonal patterns of demand, reduced labour costs through elimination of overtime and lower absenteeism are among the advantages cited.

Earlier this year British Coal introduced annualised hours to cover just over 9,000 of its employees as part of a package designed to increase flexible working in the pits. Under its plan there is no actual change in the number of hours worked every year. Colliery managers decide the length and starting time of shifts "in accordance with the business needs" of each pit while attendance patterns are settled after consultation with the unions.

Kevan Hunt, British Coal's employee relations director, argues the new system allows managers and workers "the opportunity of working fewer shifts and to make more use of leisure time".

Imperial Chemical Industries brought in annualised hours as part of its 1991 staff agreement with the trade unions and an estimated 80 per cent of its 9,000 manual workers now have their working time structured in that way. "We have found it an efficient and cost-effective way of organising our workers," says Malcolm James, ICI's industrial relations manager. "Absenteeism has been halved since the arrival of annualised hours, while the savings made from abolishing overtime have been used to finance other changes in the company."

The trend, meanwhile, is not confined to manufacturing. Annualised hours contracts have been introduced at television companies such as ITN, Yorkshire and HTV. The Bristol and West Building Society has had a scheme for the past three years for its staff. A growing number of companies are using annualised hours as part of a wider restructuring exercise. Its introduction is often combined with team-working, performance-related pay and the harmonising of terms and conditions of employment between manual workers and white-collar staff.

So far the arrival of annualised hours has not aroused much resistance from employees, many of whom can see advantages. As Railtrack's Radley points out it ensures "much greater predictability of earnings" as it removes the uncertain fluctuations suffered by those paid on a weekly hours basis.

The use of annualised hours is more common in mainland Europe, particularly in Germany and France where it began to grow in the late 1970s. The concept developed in the UK in the mid-1980s.

Gall argues that schemes aimed at smoothing peaks and troughs in demand carry drawbacks for employees. "Annualised hours can lead to loss in earnings, restrictions on the choice of when to take holidays, reduced manning levels and inflexible shift rotas," he claims. Annualised hours, however, are here to stay. The development, which reflects the wider social revolution at work, is arguably the most significant in working time since the arrival of the five-day working week after the second world war.

TECHNOLOGY

The oceans may contain the ingredients to treat a variety of diseases, including cancer and arthritis, reports **Victoria Griffith**

Drugged by the deep blue sea

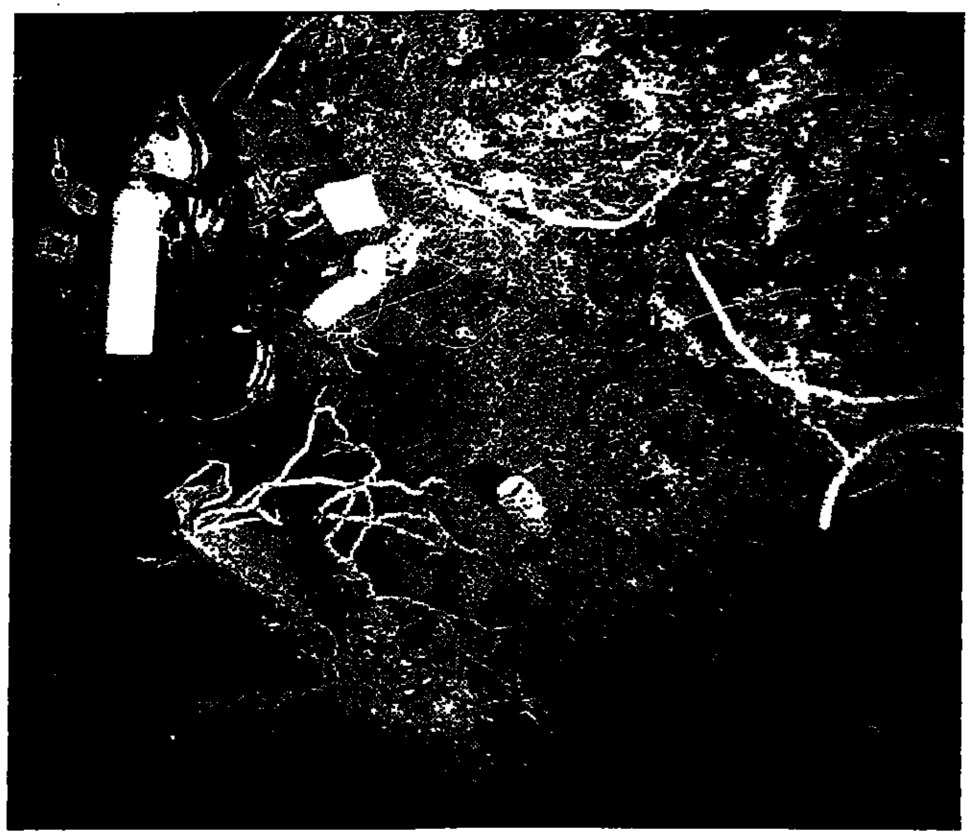
From the coral reefs of the Pacific ocean to the Antarctic, scuba divers are scraping barnacles from rocks, digging deposits from the sea bottom, bagging fish and algae and filling vials with seawater in the hope that their findings will one day yield an important drug.

Marine biotechnology is attracting the attention of companies in the US, Europe and Japan, many of which are searching the ocean for potential drugs. They include Lederle, a division of American Cyanamid; the biotechnology groups FMC and Martek; pharmaceutical groups Merck and SmithKline Beecham; and Japanese companies Nippon Steel and Mitsui.

The US government has set up a $45m (£29m) programme for marine biotechnology research, and the Japanese government is also investing heavily.

Many scientists are convinced that remote regions may hold the secrets to treating dozens of diseases. Research in the world's rainforests in recent years, for example, has produced drugs such as the anti-tumor agents Vinblastine and Vinvristine, both developed from the Madagascar periwinkle.

However, marine biotechnologists say the potential of the rain forests pales in comparison with that of the ocean. "It comes down to the numbers game, to accessing the greatest biodiversity possible," says Brad Carte, senior investigator in bio-molecular discovery for SmithKline Beecham. The oceans cover 71 per cent of the earth's surface and much of the life within them is still a mystery. To many scientists this offers the possibility of discovering more potentially life-saving drugs.



Robert Palmer

Attracted by the sea's potential: Brad Carte of SmithKline Beecham collects invertebrates in the Bahamas

"The ocean is an untapped resource," says Henry Linsert, chief executive officer of Martek. "It is a rich source of organisms. Algae alone makes up a tremendous amount of the plant biomass on Earth."

Results from marine biotechnology efforts have so far been mixed. Some of the most promising compounds, such as the anti-cancer agent didemnen B, and some anti-inflammatory agents have been dropped from research over the last few years. Yet marine biotechnologists say failures in marine compound screening, just as in terrestrial compound screening, are inevitable. In the long run, they believe, they are bound to make some hits.

This autumn, Martek hopes to launch a fatty acid, DHA, which it discovered in marine algae, on the European market. The product will be added to infant formula to make it more similar to human milk.

With pollution and misuse threatening a number of ocean species, scientists say they are concerned about losing marine biodiversity, and with it, valuable compounds. This concern has lent their work a sense of urgency.

"The ocean has been used as a dumping ground for a long time," says Debra Steinberg, group leader for the Maine marine biotechnology effort at American Cyanamid. "Concern about pollution makes scientists feel that we should try to find out what is there before it is destroyed."

Marine biotechnology is still in its infancy. No leading drug has yet been launched. A handful are in clinical trials in the US, mainly cancer treatment hopefuls being studied by the National Cancer Institute, which in the 1970s became one of the first organisations to engage in marine biotechnology research.

Scientists say the small number of products in clinical trials merely reflects past lack of interest in the sea. With more companies now involved, marine biotechnologists believe the next two decades will see a number of products moving on to the market and many more entering clinical trials. Three likely disease targets are cancer, arthritis and other inflammatory illnesses, and diseases affecting the central nervous system.

It has taken this long for companies to gain an interest in the sea, marine biotechnologists say, because the modern pharmaceutical industry grew out of a long-term human interest in the curative qualities of plants.

"We live on land, and we've traditionally looked at terrestrial plants for cures," says Gerald Weissmann, a professor of medicine at the New York University Medical Centre. "Most pharmaceutical companies don't have any direct contact with the sea. They are based inland; they don't own boats, and they don't usually have a lot of divers or marine scientists on their staff. That's why it has taken them so long to get interested in the ocean."

Pharmaceuticals also faced practical barriers – it is only in recent decades that long-term, deep-sea exploration has become possible.

Scientists also had difficulty replicating marine compounds in the lab. "It is not that marine compounds are more difficult to synthesise," says William Fenical, professor of oceanography of Scripps Institute of Oceanography. "It is just that we haven't had as much practice in that area, and so we are not as good at it as we are at synthesising terrestrial compounds."

Scientists are excited by the potential of marine life. Barnacles clinging to ocean rocks may yield a special glue that would resist salt and temperature changes and could play a role in surgical procedures such as joint replacement. Sponges, which fall apart so easily, could provide a clue to the prevention of cell binding and in turn lead to a treatment for inflammatory diseases such as arthritis.

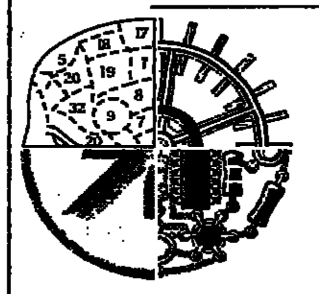
Marine life can be used not only as a source of compounds, but also as a way of testing drugs. The male contraceptive gossypol, for instance, relied partly on studies in sea urchins for its development.

Yet just as scientists turned from macro-organisms, such as plants, to microbes, many believe the emphasis in marine biotechnology will eventually be in microbes. "The state of the art is in microbes," says Fenical.

Ultimately, one of the main challenges facing the industry may be political, rather than technological. The legalities of marine drug discovery are still nebulous. If a company develops a cure for cancer based on a compound found only on certain coral reefs, for instance, the government concerned might demand royalties.

On the other hand, many companies see the ocean as a far less regulated source of compounds than terrestrial areas. "As sovereign issues become more important in land research, such as in rain forests, companies may turn more to the ocean," says Susan Clymer, managing director of the marine biotechnology group NichiBei Bio. "In international waters, it's still kind of a free-for-all."

Worth Watching · Vanessa Houlder



Caught in an ion trap

A new detection system to catch drug smugglers and terrorists is undergoing trials in the UK and US.

The ion trap mobility spectrometer works by heating samples to a high temperature. Once the relevant molecules are ionised, they are detected using a sensitive electronic collection and signal processing system.

The detector, which has been developed by Ai Cambridge of the UK and Ion Track Instruments of Massachusetts detects explosives and narcotics between 10 and 100 times more sensitively than existing machines. The system is capable of getting a strong signal from one picogram (10^{12} gram) of explosives or narcotics.

Field trials are expected to be completed in airports by the end of this year.

Ai Cambridge: UK, tel 0223 834420; fax 0223 835050

Pest control for antiques

Pest-infested antiques and textiles are usually fumigated using poisonous solvents or gases. A less toxic treatment, which does not leave the item in need of restoration, is being introduced into the UK by Thermo Lignum, a London-based company.

The process involves slowly heating the article up to a maximum of 55°C, which destroys the pests. The procedure takes a few hours for fabrics and eight to 20 hours for wooden objects.

Although the principle underlying the technique is simple, it needs sophisticated computerised controls of temperature and humidity to prevent the articles suffering structural damage.

Thermo Lignum: UK, tel 081 964 3964; fax 081 964 2969

Brain damage breakthrough

A drug that suppresses the immune system has been found to reduce brain damage associated with strokes. Researchers working at the Fujisawa Institute of Neuroscience at the University of Edinburgh found that the immunosuppressant drug FK506 substantially reduced brain damage if it was administered up to an hour after the stroke.

The research, which was reported in this week's Nature, may shed light on the role in brain cells of immunophilins, substances known to bind to FK506.

University of Edinburgh: UK, tel 031 650 1000; fax 031 650 9381

Driving off car thieves

Car theft has become a European epidemic, writes Andrew Fisher. In Germany, one is stolen every four minutes. The theft of items from vehicles – particularly telephones and CD players – is also a curse of modern driving. Now, VDO Kienzle has produced a device to ward off both types of thief. Its VDO Combi Alarm 2000 security system incorporates contact-controlled monitoring of all doors and also monitors the interior with switchable ultrasonic sensors.

The system, which immobilises the car's fuel pump and ignition, is switched on and off by radio remote control. Its alarm can also be integrated with a central locking system. The Frankfurt company says the device activates itself automatically 10 minutes after the ignition is switched off or, via a door contact, 30 seconds after the driver leaves the vehicle. It costs DM920 (£380).

VDO Kienzle: Germany, 6196 872922. Fax 6196 873444

Computer aid in drug screening

Researchers working in the fast-growing field of combinatorial chemistry aim to make a wide variety of compounds simultaneously, which are then screened to find useful characteristics.

The first set of computer tools to assist in this process have been devised by Tripos, a US scientific software company. Tripos's Mass Screen software will assist researchers to generate vast "libraries" of compounds and manipulate the data as they search for new leads in drug development.

Tripos: US, tel 314 647 1099; fax 314 647 9241

ARTS

Berlin tunes in to Goldschmidt

The 91-year-old composer's work is being recognised at last, reports Andrew Clark

Germany has finally made its peace with Berthold Goldschmidt. Forced to flee the Nazis in 1935 for London, where he has lived ever since, the 91-year old composer has been the toast of this year's Berlin Festival.

Both his operas have been performed – *Der gewaltige Hahnrei* in a slick, hyper-active Harry Kupfer staging at the Komische Oper (which put on a special Goldschmidt exhibition), and *Beatrice Cenci* in a concert version linked to a commercial recording. The nearby city of Magdeburg organised a parallel set of events, including the stage premiere of *Beatrice Cenci*. Goldschmidt's three concertos and other symphonic works have also been played.

The response from the German press, public and music establishment has been ecstatic. There have been full houses, standing ovations and a touching ceremony at which Goldschmidt was presented with some early manuscripts, previously thought to be lost. The warmth of his reception can be put down partly to genuine delight at such performable music, and to the sight of a nonagenarian enjoying every minute.

Goldschmidt's time has come, and he deserves a medal for surviving to witness it. For many Germans, he is a living link with a golden age in their country's musical history, a symbol of what might have been if Nazism had not intervened so decisively. But the Goldschmidt revival is also a mark of collective guilt – a chance to atone for all Jewish artists whose creative spark was extinguished in the gas chambers. Would Goldschmidt's music have survived if he too had died? Would there be the same interest today if it had been played 60 times in the 1930s?

But that is playing with history. To hear staged performances of his two operas in quick succession last week-end was to be confronted by a composer who takes care over word-settings and chooses juicy topics for the theatre. The music itself may not blaze with originality or natural drama, but it is well-made and easily assimilated. The two operas deserved to be heard, and the evidence suggests they would repay further investigation.

Der gewaltige Hahnrei (The Mighty Cuckold), first staged in Mannheim in 1932, was the last opera by a Jewish composer to be premiered before the Nazis came to power. Along with hundreds of others, Goldschmidt's music was quickly categorised as "degenerate". By the end of the war, the trends of the 1920s and early 1930s had sunk without trace, buried in the rubble of the Third Reich. It was time for a fresh start. Serialism was the new orthodoxy, and anyone who did not subscribe to it was old hat. Like thousands of other German Jews who escaped, Goldschmidt had to pick up the pieces of his career elsewhere – becoming a British citizen in 1947 and, as a conductor, playing an important role in the British Mahler vogue. *Hahnrei* had to wait 62 years until this month's revival, borne along on the recent surge of interest in Germany's "lost" interwar era.

It is a precocious work for a 28-year old. Based on a play by the contemporary Belgian dramatist Fernand Crommelynck, and subtitled a "musical tragi-comedy", it tells of the man who believes in his wife's love but cannot trust her. Bruno is so convinced that Stella is unfaithful that he forces her to do what he fears most – to take other men to bed. She believes she is demonstrating her love for him by obeying. He ends up disguising himself and seducing her.

Here is a kinky story – but psychologically fascinating, full of sexual neurosis and very much a product of its time. Goldschmidt's score is equally a period piece. He comes across as a German Poulenc or Ibert – a master of pastiche and a brilliant orchestrator, with lots of expert doodling. There are echoes of his teacher Schreker, of Weill, Krenek, Shostakovich, Mahler, jazz, cabaret. Over a 100-minute span, you just sit back and watch the styles change. The drama itself goes nowhere.

For many Germans, he is a living link with a golden age of music, a symbol of what might have been if Nazism had not intervened

The Komische Oper's production did nothing to counter that impression. Kupfer, with his designers Hans Schavernoch and Reinhard Heinrich, underlined the work's surrealist fantasy, keeping the visual framework as abstract as possible. The set – an undulating pink cat-walk looped round a stylised see-saw and climbing rack – fell somewhere between wedding-cake and playground. Costumes and make-up were pure pantomime. The air was thick with irony, but anyone ignorant of the plot would have been lost. The more Kupfer spun the stage turntable, the more tedious the performance became. An earthier, less artful approach would have done the work greater service – so it is good to hear another staging is planned for Bern.

In every other respect, this was a strong ensemble performance. Under Yakov Kreizberg, the Komische Oper's new music director, the orchestra negotiated the different styles and rhythms with commanding verve. The cast was headed by Yvonne Wiedstruck, who captured Stella's innocent beauty, and Günter Neumann's tormented Bruno.

Hearing *Beatrice Cenci* 24 hours later in Magdeburg was to discover a composer who had found his own style – an amalgam of incisive themes and Busoni-like counterpoint. Commissioned for the 1951 Festival of Britain, but unperformed for various unsavoury reasons until a 1988 concert in London, *Cenci* gives compact operatic form to Shelley's sordid tale of the Italian Renaissance. As in *Hahnrei*, the theme is sexual violence and the exploitation of women, but in more sinister vein. Unlike *Hahnrei*, it benefited immeasurably from the stage setting.

The Magdeburg production was given at the Theater am Jerichowerplatz, a converted cinema at the former Russian barracks. Despite an unhelpful acoustic and crude lighting, Max Hoffmann's staging told the story clearly and honestly, leaving plenty of room for the imagination. Eberhard Matthies's realistic set combined simplicity and grandeur, while Renate Schmitzer's costumes had a 20th century flavour, without being too specific.

The cast, singing in the original English, was headed by the Canadian soprano Heather Thomson as Beatrice. She acted sensitively and brought character to Goldschmidt's unvarying vocal moderato – not least in the beautiful Act 3 lullaby. Irena Sylya was the sympathetic Lucrezia, and David Cumberland made a properly tyrannical Count Cenci. Under Mathias Husmann, the rest of the cast, chorus and orchestra gave fulsome support.

The concert performance of *Cenci* in Berlin (which I heard on the radio), featuring Roberta Alexander, Della Jones and a coarse-sounding Simon Estes, may have had greater musical polish, but Magdeburg gave the opera theatrical life. It is now time for a British company to follow suit.

Heather Thomson and David Cumberland in 'Beatrice Cenci', Magdeburg

Theatre/Paul Driver

The Mortal Ash

Richard Cameron's new play at the Bush Theatre – his third to be premiered there – is a dialect drama about life on a council estate in South Yorkshire and hence, by all too ready extension, about the state of Britain, the demoralising effects of unemployment. Actually the private and public themes of *The Mortal Ash* tend to pull apart, just as its tragic and comic impulses often seem at odds. Billed as a comedy, the play impresses first as a melodrama in which a working-class family confront calamity from every corner but keep cracking jokes in the best down-to-earth, hard-bitten, North of England manner.

Feuds, vendettas, hooliganism, estrangement of father (Tom) and eldest son (Chris), imprisonment of another son for GBH, unruliness of a third (Duane), cynical disaffection of daughter (Rainy) – these are just some of the Wheatley family problems. The aviary in their back-yard has been smashed up as the play begins, and a brick been hurled through the window while Rainy (Jane Hazlegrove) was watching telly. Throughout the evening one expects further hurled bricks and calamities; but all we actually see of trouble are the bare legs and torso of Duane (James Hooton) covered with nettle stings and Calamine after a gang-fight on Mortal Ash.

Mortal Ash is an area of ponds that has been unpopularly filled in by a tough local businessman, and by hard-up Tom Wheatley as one of his labourers. A young girl died during a protest there, which leaves Tom conscience-stricken in ways he can barely express and which baffle and alienate the principled Chris, who has left home to live impecuniously with his now pregnant girlfriend, Linda (Colleen Prendergast), scion of an enemy family. Much, therefore, has to be sorted out during the play, but there is always someone on hand to make tea when things get too difficult, in the best Northern tradition.

Screaming fits – Mrs Wheatley is particularly prone to them – and one-liners jostle each other in a way that is truer to the theatre than life. Each act devolves into a long set-piece in which mother and father respectively disburden themselves, conceding with wry humour in the one case, and bitter anguish in the other, that parents do not know much more than their children about the way things are. One realises that the intended thrust of the play is not so much comical, tragical or political as lyrical-pastoral. There is much talk of fishing and birds. At the end, Tom sets out to reconstruct his garden, building a pond and planting an ash.

Director Simon Usher finds a leisurely pace for the action which seems mostly right and at times even poetical. Paul Copley is crisply convincing as the neo-Lawrentian muck-stained father home from work and delivering apophthegms like "Thiy either will or thiy won't" when asked if Chris and Linda will cope with their child. Richard Standing makes a sympathetic Chris and Jane Cox is robustly entertaining as his soft-hard, wise-cracking mother.

Bush Theatre, W12 (081 743 3388)

Paul Copley as the father, Tom Alastair Muir

Music in London/David Murray

Mahler and Henze

On Wednesday the London Symphony not only began its cycle of Mahler symphonies with Michael Tilson Thomas – half this autumn, the rest in the new year – but showed off the newly improved acoustics of the Barbican Hall. Mahler's First made a very good test. On all counts, the performance was resoundingly impressive.

After the hall opened in 1982, there was some anxious tinkering with things that affected the acoustic, and since then it has been pretty good: forward and full, though in orchestral tuttis there was sometimes a hard glare of upper partials. Last month new absorbent surfaces were attached at strategic places along the walls of the circle and stalls, and the balconies got handsome wooden fronts. The result is an inconspicuous but decisive improvement in the sound: no glare, but no muffling either, and – with the LSO, at least! – lovely clarity and balance.

The most striking virtue of Tilson Thomas's Mahler 1, which is a work studded with hazardous turns and abrupt switches, was that it sounded seamless. One was lost in admiration; that effect is not to be achieved by mere suavity or steadiness, but only by thinking the music all the way through. That was manifestly what Tilson Thomas was doing, and transmitting his intentions completely to the orchestra. There were dozens of gorgeously realised passages (without indulgence, though the *Knaben Wunderhorn* tunes were illuminated with the utmost tenderness), and an overriding arc of clean purpose, with a grandly built triumph at the end.

Perhaps a little of the First's sheer wildness was tamed away. For Mahler, this was a defiantly fractured symphony; to Tilson Thomas it seems a finished monument, and its irruptions of village-band dances were tamped smoothly into place – there was no snarl from the elegant woodwinds. But it was a hugely musicianly reading, and superbly played; it promised great things in the symphonies to come.

It was prefaced by James MacMillan's new ten-minute fantasy *Britannia*, characteristically ingenious and funny (it caught the audience slightly off guard, I thought), and Tilson Thomas's own *From the Diary of Anne Frank* – honest, effective film-music, with narration gently delivered by Debra Winger.

On the previous night, the Nash Ensemble honoured the composer Hans Werner Henze with a Wigmore programme of his recent chamber music. It is always nice to know what he has been up to, but there were no substantial surprises. A tiny "Adagio adagio" for piano trio was exquisite salon pastiche; five Nocturnes for violin were fragile, pretty and suggestive; three short songs about snow boasted a delectable accompanying ensemble.

Much of the new Piano Quintet is interestingly angry, and the rest of it haunted and inward. I fancy it wants a bolder performance than the Nash players gave it this time, though they were scrupulous. The songs and dances from Henze's operetta *La Cubana*, newly arranged, still sound too close to Weill to bear the comparison, despite an appealing, Zerbinetta-ish final number.

Poor Superman – a Play with Captions

Successful artist David (Ian Gelder) is suffering from painter's block. His friends, Shannon (Jude Akuwudike), desperate for a sex change operation before he dies of Aids, and Kryla (Elaine Collins, excellent), a sardonic hackette equally desperately seeking The Man, know exactly what he needs: a new boyfriend. They are less than enchanted when he picks up Matt (Christopher Simon), the naive young restaurateur who just happens to be happily married to the devoted Violet (Kathryn Howden).

Super hot Canadian playwright Brad Fraser takes the well worn theme of tainted love in *Poor Superman – a Play with Captions*, but embroiders it into a compelling insight into the power of sex over the lives of gay men. In director Ian Brown's sharp and discrete production, which started life at the Traverse, Edinburgh (where it was well received on this page by Martin Hoyle), Fraser surely has another award to add to his mantelpiece.

The only question marks hang over the title. The Superman *leitmotif* never justifies itself, and the captions, which light up in neon at the back of the stage to beam the real thoughts of the characters behind their polite, and not so polite, conversation, are hardly needed in such punchy dialogue.

The lives of gays and young entrepreneurs in Calgary, Canada, are not the traditional stuff of drama but from the first you care desperately about Matt, with his faltering cry of "I'm not queer" as he falls into the arms of David; and Violet, whose horizons are happily confined to stove and nappies; indeed all the credulous victims hanging round David, who may be an ageing charmer but proves an ill equipped Superman.

Fraser's great achievement is that he does not take sides: David is quite prepared to exploit people in the cause of art: it is up to the audience to decide who are the winners and who the losers. Fraser has also dusted down some sharp Wildean aphorisms to set alongside the easy lies of normal talk.

Almost incidentally *Poor Superman* contains some of the most explicit sexual acts seen on the London stage. The fact that they perfectly underpin the action and develop the characters is a triumph for cast and director.

Antony Thorncroft

Hampstead Theatre (071 722 9301)

INTERNATIONAL

ARTS GUIDE

Poussin in Paris

The main autumn exhibition in Paris is devoted to Poussin, marking the 400th anniversary of his birth. It can be seen at the Grand Palais from October 1 to January 2, and will then move to the Royal Academy of Arts in London.

This is the first Poussin retrospective in Paris for 30 years. Comprising 140 drawings and 100 paintings, it follows a chronological pattern – starting with a group of youthful drawings and his apprenticeship in Rome, where the lucid composition and cool colour of his patron Domenichino affected him strongly. Apart from a brief and unhappy interlude in Paris in the early 1640s, Poussin spent most of the rest of his life in Rome, dying there in 1665.

The two sets of Seven Sacraments are the exhibition's centrepiece. The first was completed in 1642. Today it comprises only six paintings: Baptism has been lent by the National Gallery in Washington, and the other five come from the Duke of Rutland's Collection. The exhibition will include a copy of Confession, the original of which no longer exists. The second set, which Poussin painted between 1644 and 1648 for his Parisian patron Chantelou, comes from the National Gallery of Scotland, which has it on loan from the Duke of Sutherland.

The show brings together some of Poussin's finest paintings on classical and biblical themes, including The Judgement of Solomon and The Triumph of Flora from the Louvre, and The Annunciation and The Adoration of the Shepherds from the National Gallery in London. Others come from public collections in New York, Chicago, St Petersburg and Berlin. Museums in Chantilly and Bayonne were unable to lend their pictures for legal reasons, so they are holding concurrent Poussin exhibitions of their own.

■ EXHIBITIONS

AMSTERDAM

Rijksmuseum The Renaissance Print 1470-1500. Ends Oct 30. Closed Mon

Van Gogh Museum Van Gogh's Self-Portraits. Ends Oct 9. Daily

BASLE

Kunstmuseum Fernand Léger (1881-1955): more than 100 exhibits focusing on the key creative period from 1911 to 1924. Ends Nov 27. Closed Mon

BERLIN

Brücke Museum Early Kandinsky: a survey of a little-known period in the German Expressionist's development, before he made his first abstract painting in 1910 at the age of 44. Kandinsky's early work is revealed as full of diverse influences, from Biedermeyer to the Fauves. Ends Nov 27. Closed Tues

Kunstgewerbemuseum Gianni Versace: retrospective of the Italian fashion designer, including sketches and theatre costumes. Ends Nov 25. Closed Mon

FLORENCE

Museo Pecci The Last Dreams of Joan Miró: some lesser-known late works lent by the Pilar Foundation, which was set up by Miró in 1981, two years before his death. Ends Oct 30. Daily

FRANKFURT

Schirn Kunsthalle Nicholas de Stael (1914-55): retrospective of the Russian-born artist, documenting his intense but brief career. Ends Nov 27. Daily

HAMBURG

Deichtorhallen The Century of the Multiple: a history of multiple art editions in three-dimensional form, ranging from early replicas of objects by Duchamp and Man Ray, to present-day mass reproductions. Ends Oct 30. Keith Haring (1958-90): 100 large-scale paintings and ceramics by the politically-motivated American artist. Ends Nov 13. Closed Mon

Kunsthalle David Hockney: drawings from 1954 till the present. Ends Oct 10. Closed Mon

LONDON

Royal Academy of Arts The Glory of Venice: an important exhibition including work by Tiepolo, Piazzetta, Canaletto, Bellotto, Guardi, Canova and Piranesi. Ends Dec 14. The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200)

British Museum Greek Gold – Jewellery of the Classical World. Ends Oct 23. Daily

Courtauld Institute Conrad Felixmüller (1897-1977): the first exhibition in the UK to explore the graphic work of the leading second-generation German Expressionist. Ends Oct 30. Daily

Tate Gallery Turner's Holland. Ends Oct 9. William Blake – Art and Revolution: an exhibition focusing on the English artist's output in the 1790s. Ends Oct 16. Daily

Heinz Gallery Charles Rennie Mackintosh – The Chelsea Years 1915-23. Ends Oct 29 (Royal Institute of British Architects)

MADRID

Fundació la Caixa Kandinsky and Mondrian – Two Roads Toward Abstraction: this exhibition, covering the years 1911-20, aims to illustrate the parallels and differences in the stylistic evolution of two great pioneers of modern art. Ends Nov 13 (after which it will transfer to Barcelona). Closed Mon

Fundacion Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo's Fuji Art Museum. Ends Jan 22. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany: 100 paintings by Munch, mainly from Norwegian museums, plus a selection of work by late 19th-century German artists who influenced him. Members of the Brücke are also represented. Opens today, till Nov 27. Daily

Lenbachhaus Jon Groom (b.1953): 25 paintings by the avant-garde Welsh artist. Ends Oct 16. Closed Mon

Villa Stuck Dream Time – Tjukurrpa: more than 40 works by contemporary Aboriginal artists from the Australian desert. Ends Oct 16. Closed Mon

NEW YORK

Museum of Modern Art Cy Twombly (b1929): 45 paintings, the same number of works on paper and a representative range of sculpture, documenting the career of the American artist who moved to Italy in 1957. The exhibition includes little-known early works and several key pieces from European private collections, never previously seen in the US. Ends Jan 10. The Prints of Louise Bourgeois: 140 works by one of America's most distinguished contemporary artists, who has donated her entire printed oeuvre to this museum. Ends Jan 3. Closed Wed

Metropolitan Museum of Art The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Pharaoh's Gifts – Stone Vessels from Ancient Egypt. Ends Jan 29. Closed Mon

Guggenheim Museum Japanese Art After 1945 (at the SoHo site). Ends Jan 8. The main museum is closed on Thurs, the SoHo site on Tues

Whitney Museum of American Art Joseph Stella (1877-1946): more than 200 works by the American modernist. Ends Oct 9. Jess – A Grand Collage 1951-93: first important retrospective of the reclusive Californian artist (b1923), whose diverse body of fantastic, dream-like paintings and collages has received little public exposure. Dec 4. American Landscapes by Neil Jenney. Ends Dec 11. Closed Mon

PARIS

Grand Palais Gustave Caillebotte (1848-1894): a retrospective of 89 oils and 28 drawings marking the 100th anniversary of the death of the painter and patron of art, who belonged to the circle of Impressionists more by the modernity of his subjects than by the actual Impressionist technique of painting. The show includes his masterpiece, Paris Street (1877), on loan from Chicago. Ends Jan 9. Closed Tues, late opening Wed

Louvre From Across The Channel – British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner, plus other drawings, watercolours and engravings. Together they add up to a panorama of British art. Ends Dec 19. Closed Tues (Hall Napoleon)

Musée Carnavalet The English in Paris in the 19th Century. Ends Dec 5. Closed Mon (23 rue de Sévigné)

Centre Georges Pompidou Joseph Beuys: retrospective of one of Germany's leading avant-garde artists of the postwar period. Ends Oct 3. Closed Tues

ROME

Palazzo delle Esposizioni Louisa Nevelson: 77 "large originals" by the American sculptress who died in 1988. Ends Oct 31. Philipp Hackert (1737-1807): Italian landscapes. Ends Sep 30. Closed Mon

Villa Medici Paintings, sculpture and photographs by four of last year's artists in residence at the French Academy in Rome. Ends Oct 2. Daily

ROTTERDAM

Museum Boymans-van Beuningen Alexej Jawlensky (1864-1941): retrospective of the Russian-born artist who was a member of Kandinsky's circle in Munich. The exhibition features privately-owned works, as well as pieces from the substantial public collection at Wiesbaden where the artist spent the last 20 years of his life. Ends Nov 27. Closed Mon

TURIN

Gallerie Civica d'Arte Moderna A Celebration of Art Nouveau: the show takes the form of a re-evocation of an exhibition held in Turin in 1902, entitled International Decorative Arts of the New Century. Included is a section on photography and contributions from museums of decorative art from most of Europe (especially the east), as well as from the Metropolitan in New York and the Getty Museum in Malibu. Ends Jan 22. Closed Mon

VEVEY

Musée Jenisch Oskar Kokoschka: paintings, watercolours and drawings from the Austrian Expressionist's house in Villeneuve. Ends Oct 16

VIENNA

Kunsthistorisches Museum Tintoretto portraits. Ends Oct 30. Albrecht Dürer: a selection from the museum's collection of work by the early 16th-century German master. Ends Oct 30. Closed Mon

Kunstforum Herbert Boeckl: centenary retrospective of the Austrian Expressionist, with a representative selection of landscapes, figures and religious subjects. Ends Dec 4. Daily

THE FT INTERVIEW: Giorgio Armani

Giorgio Armani: 'I've lived through some critical moments'

Deals fall out of fashion

Giorgio Armani the fashion designer remains calm; but Giorgio Armani the entrepreneur is shaken. Admittedly it has been a bad week for Italian fashion. On Monday, the close-knit Milan community learned that bad-boy designer *Franco* Moschino had died at the weekend, aged only 44. Then it emerged that an inquiry into bribes paid to Italy's tax police had spread to the fashion world. Big names, such as Santo Versace, brother of designer Gianni and chairman of the Versace group, and Krizia (designer Mariuccia Mandelli), have already been questioned by Mr Antonio Di Pietro, Italy's best-known investigating magistrate – although the interviews were described as routine.

Mr Armani is more worried, however, about the problems of Simint, a Modena-based clothing company in which he holds a 22.5 per cent stake.

On Saturday, the company reported a loss of L222bn (£90m) for the year to April 30 on turnover of just L266bn. A boardroom row about how to restate previous accounts to reflect previously hidden losses ended in the resignation of Mr Massimo Varazzani, Simint's chairman since March.

For Mr Armani, the man who pioneered loose suits, it has come as an unpleasant surprise to find his name associated, albeit indirectly, with allegations of loose accounting.

His business reputation and his carefully tended image have both been dented, and the Simint affair has cast a shadow over celebrations of his 60th birthday and 20 years in business. But it could also represent the next phase in the maturing of Armani the entrepreneur, which began when his partner and best friend, Mr Sergio Galeotti, died 10 years ago.

"I've lived through some pretty critical moments recently," says Mr Armani. "I found myself faced with problems I'd never come across – problems with lawyers, newspaper articles which say things about you which aren't true. That shocked me."

Simint's problems began in late 1992, a year after its US subsidiary launched a new concept called A/X Armani Exchange. The stores were aimed at the mass market, *unlike the existing Giorgio* Armani boutiques and second-line Emporio Armani stores, and were supposed to sell Armani jeans and other casual clothes, manufactured by Simint, from top locations across the US.

Simint was not the first example of Mr Armani putting his money where his designs were. He also has a stake in Luxottica, the successful Italian spectacle manufacturer quoted in the US. But in the case of Simint, Mr Armani appeared to relax his famously strict control over any venture connected with his name.

"A/X was born with a very precise concept of salespoints for A/X products and Armani jeans, but locations were very badly evaluated," the designer now says.

"The personnel structure was also very heavy, with too many people – exaggerated for the type of work we were trying to do."

Simint's investment costs in the US bore down on the group's profits, and last February Mr Francesco Micheli, the Milan financier who took control of Simint in the late 1980s, sold his 22 per cent stake, claiming that the US venture had become too risky.

Mr Armani now says he regrets the investment, and *points to Simint* as an object lesson in what can go wrong if you fail to keep control of a concept. "It's the first time this has happened to me. I delegated a lot because I heard people talking with great fluency and competence about the problem and I said, well, OK, they know what's what, I'll use them."

He is cagey about allocating blame for the Simint debacle, but feels a responsibility to do as much as possible to keep the company afloat. Armani business now accounts for 90 per cent of Simint's turnover, following the loss of other licences. The designer has allowed Simint to defer L50bn worth of payments due to Armani and committed many of his own staff to help rescue the company.

Simint's survival also hinges on the outcome of negotiations to sell the US subsidiary to Mr Ong Beng Seng, another shareholder, for L20bn, which Mr Armani says should be concluded shortly.

None of this means the designer is himself short of cash. Giorgio Armani SpA, founded with Mr Galeotti in 1975, is in the best of health in *spite of the international recession*. Armani clothing and accessories, from scent to suitcases, turned over L1,130bn last year, up 31 per cent on 1992. Armani style ("fashion which helps people live better, not fashion which is done for the mass media, for the *petits bourgeois*, to shock") seems to have become a staple part of the wardrobes of the well-off.

That said, it seems unlikely that he would now be described – as Forbes magazine did in 1991 on the eve of the A/X launch – as "one of the sharpest businessmen *you are ever likely to meet*", without at least some qualification.

The Simint affair has instilled a once-bitten-twice-shy caution into the designer. For example, he is co-operating with CVC Capital Partners – the European venture capital arm of Citicorp – on undefined plans to rescue GFT, another troubled Italian supplier of Armani clothes, and prop up Simint. But Mr Armani insists that his group would be an industrial partner and not a shareholder in GFT.

"If you asked me now whether I wanted to take a shareholding in any type of company, I would say no," Mr Armani says.

The episode has also reinforced Mr Armani's wish to exert absolute control over a fashion empire. "It's obviously been illuminating for me," he says. "In our business, you absolutely cannot delegate to anyone, unless you decide simply to exploit your name, take a lot of money and forget about it: that means, however, not lasting long, not having a future and deciding to wrap things up. I'm still very young to want to wrap things up."

Such an attitude raises the inevitable question about what will happen to the designer's business creation "after" Mr Armani, an issue which he admits he is only just beginning to consider in any detail. "I'm not so egotistical to think we have to close the business down just because I close my eyes," he said this week.

But the lesson of Simint, his "first professional problem", seems to be that there will have to be some very careful planning if Giorgio Armani SpA is successfully to outlive its founder.

Andrew Hill

Joe Rogaly

Breakaway Britain

The question will not go away. If Ulster is to be granted self-determination, why not Scotland? Why not Wales? Even the most recalcitrant Conservative, afraid of rationality, fearful of any dilution of the mythical *powers of a long-dissolved* empire, must grant that there is some anomaly here. There is an explanation, of course. Northern Ireland has been the subject of terrorist violence for 25 years, while Scotland has not. As an excuse, that awful observation is insufficient. It does not answer to the Scottish nationalists, whose 60th birthday is being celebrated at their annual convention this week. The secessionist party is riding high in the polls, its faith in the democratic process not to be doubted. The inference is unavoidable. A settlement in Ulster may be a long way off, but pulling at the Irish thread could unravel the British polity.

Wait. Flash back. There on the videotape is Mr John Major, standing on his soapbox. It is April 5 1992, the Sunday before election day. The prime minister, fighting a campaign most people reckon he is about to lose, warns against proposals for a Scottish parliament, or, worse in his eyes, Scottish independence. "If I could summon up all the authority of the office I now hold, through the ages, I would put it into this single warning," he declaims. "The United Kingdom is in danger. Wake up now before it is too late."

We will never know how many minds were changed by that uncharacteristically passionate moment of oratory. Perhaps millions, perhaps none. Mr Major himself is in little doubt that his Sunday speech, regarded at the time as quixotic, helped the Conservatives win their fourth consecutive spell of office. His views will certainly not have been unpopular in middle England. "Consider the outcome – the walls of this United Kingdom that appear so strong, undermined from within," he said. He urged voters to shy away from proportional representation, at that time proffered by *the Liberal Democrats alone*. In European affairs Conservatives would "speak for Britain" while Labour and the Lib-Dems would "act for Brussels".

Now flash forwards on your virtual reality screen. It is spring 1996 or 1997. *There is Mr* Major again, in mid-campaign, looking more mature, more filled-out than previously. The central issue is, as always, whether the existing set of rascals is to be trusted with management of the economy, or whether the rival gang is to be given a chance. Yet there is chatter on the periphery. Senior politicians are arguing about the future shape of the European Union, and Britain's role in continental politics. Ulster has its own parliament, in session or on the way. We can imagine what the Scottish nationalists say about that. Labour and the Lib-Dems, their campaign literature stuffed with talk of national renewal, have undertaken to renovate the constitution. High-flown talk of a 21st century settlement between the peoples and governments of these islands has become commonplace.

Ulster, Scotland and Wales boast their own traditions. Europe is being reshaped. It is time to modernise the way Britain is governed

Up springs Mr Major, onto the box. The prime minister recalls his words of four or five years previously. "Quebec," he says, "Slovakia", he adds, "and Serbia, Croatia, unspellable pieces of old Russia and what about Spain?" He speaks of the historic glories of the United Kingdom, the distinctiveness of the island nation, the enduring values enshrined in the most ancient of parliaments, the true freedom of those fortunate enough to be born British. He dresses from head to toe in the Union Jack. That, as they say in New York, could go down like chopped liver.

Or perhaps not. The debate has yet to begin. The mainstream opposition parties both promise systemic reform. Labour and the Lib-Dems would give *Scotland its parliament*, bar hereditary peers from the House of Lords, create regional authorities in England and perhaps an assembly in Wales, enact a bill of rights, and introduce proportional representation for elections to bodies other than the House of Commons. The latter is to be decided by referendum. No one is surprised that Mr Paddy Ashdown, the Lib-Dem leader who has had an unfortunate week at his party's conference, favours such a programme. What now needs to be established is the strength of commitment of Labour's new leader, Mr Tony Blair.

He must either campaign strongly on the reform theme, or quietly bury it. The latter would be difficult. One argument for devolution was set out by Mr George Robertson, Labour's shadow Scottish secretary, in a speech in Frankfurt earlier this month. It is that some give, some flexibility, and a great deal of decentralisation of power would *prevent* a break-up of the United Kingdom. "Today's British government plays into the nationalist hand by a staggering lack of vision in adapting constitutionally as it has done over 150 years," he said.

There is, however, another case to put. Britain has not been well-served by the concentration of power at the centre. Since 1979 the Conservatives have behaved with the arrogance of the single party in a one-party state. They have weakened or overturned one democratic institution after another. They have neutered local government. They have appointed friends and cronies *to sit on* school boards, hospital managements, and at every station on the network of quangos. The Treasury controls these unelected bodies by exercising authority over their expenditure. Meanwhile Ulster, Scotland and Wales, not to mention Lib-Dem Cornwall and Devon, boast their own traditions, separate from those of England. Across the water, Europe is being reshaped. It is time to modernise the way Britain is governed.

Mr Blair has shown himself to be aware of the strength of this argument, and conscious of the appeal it has in some quarters, not confined to Charter 88, the energetic pressure group. Reform was consistently cheered by the Lib-Dems this week. The Labour leader will be spared the embarrassment of negotiating a post-election arrangement with Mr Ashdown if he can steal enough of the latter's voters away. It is highly unlikely that an election will be won on the issue of constitutional reform. Against that, there is little else to enthuse *opposition* supporters. Labour's pronouncements on the economy too closely resemble the Conservatives' to cause the blood to rush round activist veins. If there is to be a Left vision, it has to be reform.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Package in need of reshaping

From Mr Michael Anderson.

Sir, Last year, John Gummer, the environment secretary, called together a group of manufacturers of packaged goods and retailers, and challenged it to develop and implement a plan to recover value from used packaging ("Packaging industry given deadline for recycling waste", July 28).

Since then, there have been reports in the media of how this unrepresentative group of companies – known as the producer responsibility group – has addressed the challenge.

Unfortunately, the group has failed to broaden its membership to reflect the importance of packaging manufacturers in properly developing such a plan.

However, it has suggested that these same unrepresented packaging manufacturers should pay any additional costs of increasing recovery and recycling rates.

In addition, the group's estimates of the amount of these costs may well prove to be wildly inaccurate.

And now it is reported that the group is developing a plan to implement its ideas through a top-heavy bureaucratic organisation to be called Valpack, whose structure will further disadvantage packaging manufacturers.

Surely the time has come for Mr Gummer to call a halt to this process which he, himself, initiated. He should insist that the group reconstitutes itself to be more broadly representative of the entire packaging chain before finalising proposals which are of such long-term, strategic significance to this leading industry.

Michael Anderson,
managing director,
Linpac Plastics International,
A1 Business Park,
Knottingley,
West Yorkshire, WF11 OBS

UK economic trend argues against monetary union

From Dr Jörg Schimmelpfennig.

Sir, As the new set of trade figures released on Wednesday reveals, the UK economy is finally cashing in on Britain's forced exit from the European exchange rate mechanism two years ago ("Non-EU exports rise to record highs", September 22). This outcome had not really been too difficult to predict (Letters, September 28 1992).

While fears of any repercussions on the inflation front have proved unfounded as well, the opportunity costs of an artificially high exchange rate have become all too clear. "Black Wednesday", even though it should be considered a humiliation of the government's economic policy at that time, was a real blessing for Britain's economic prospects.

Moreover, it offers some food for thought regarding future EU economic policy. As there is no way to prevent economies from diverging at some point, any fixed exchange rate will eventually prove wrong as well. Consequently, the recent British experience is the best argument available against the planned European monetary union!

Jörg Schimmelpfennig,
Department of Economics,
University of Osnabrück,
D-49069, Osnabrück,
Germany

Right way to tackle drugs

From Mr I N Geoffrey Selwyn.

Sir, Your leader ("The role of a third party", September 21) only takes the argument half way. There are two evils associated with drugs. The first is the harm resulting from their use and the second is the incalculable damage to society inflicted by the crime resulting from their prohibition. In my opinion, the second is by far the greater and its continuance is a greater moral evil since it could be so easily removed by a stroke of the parliamentary pen.

We would then be free to tackle drug use as we do tobacco or alcohol abuse. The distinction between soft drugs and hard is irrelevant.

I N G Selwyn,
32 St Mary's Avenue,
Northwood,
Middlesex HA6 3AZ

Model for international total quality award

From Dr Rowan Astbury.

Sir, The message in Alan Mitchell's article (Management: The Growing Business, September 20) is absolutely right – the quality assurance system BS EN ISO 9000 is a small component of total quality and not the whole answer. *He reports on various ways of trying to add total quality to* quality assurance ... but how cumbersome and confusing these ways sound! What is needed is an internationally endorsed, systematic approach to total quality, and this now exists. It is the model used in the new UK Quality Award. Strongly supported by the British Quality Foundation and the European Quality Foundation, the model is endorsed by the Department of Trade and Industry and government generally. The prime minister, John Major, will be presenting the first awards to UK companies using the model in November.

What is more, the model is designed to be used by organisations of all types, sectors and sizes, and can be adopted on a self-help basis, without the need for expensive advice.

We work with voluntary sector organisations and often recommend that they use this model.

Interestingly, some large private sector organisations are now wondering how they can offer help to voluntary organisations working on quality. The principles can be the same regardless of sector and size, and such help can show the private sector organisation's commitment and expertise to good advantage.

Rowan Astbury,
Charities Evaluation Services,
Number One Motley Avenue,
Christina Street,
London EC2A 4SU

Sceptical

From Mr Nigel Wilkins.

Sir, I fear your leader, "Well done, Mr Clarke" (September 17), gives too much credence to the harsh judgment of the financial markets over the UK's inflation prospects.

You omit any acknowledgement that the reduction in inflation since sterling's abrupt departure from the ERM was achieved despite highly unfavourable circumstances. During that two-year period sterling has declined by 15 per cent on a trade-weighted basis, while commodity prices have risen by more than a third.

In view of the scale of these external, inflationary shocks that have been successfully absorbed by UK industry, I am sceptical of your comment that the recent mild upturn in inflation indicates an absence of excess capacity.

Nigel Wilkins,
8 Petersham House,
Harrington Road,
London SW7 3HD

Argument that company cars are tax-efficient is a fallacy

From Mr Brian Friedman.

Sir, Mr Michael Landon (Letters, September 17) seeks to resurrect the old – and ultimately self-defeating – chestnut that company cars are still "a very cost-effective way of providing a benefit to employees".

The truth of the matter is that the government has *finally achieved* its long-standing aim of establishing a level playing field in company car taxation. That is not to say that all cars are tax neutral – indeed there are many winners and losers. Rather, the playing field is now undulating, but, on average, is level.

One common fallacy committed by those who argue that company cars are still very tax efficient is to forget that a proportion of any cash alternative can also be paid tax free either under the fixed profit car scheme or on the strict statutory basis. Hence it is not correct to state that a private car must be financed out of after-tax earnings – only the private use proportion of the cost need be so funded.

In practice, the main factor in determining whether a company car is now tax efficient is the relative purchasing power of employer and employee. As with other benefits in kind (for example, private medical care), the ability of the employer to negotiate a discounted rate is the true perk. However, even here the playing field is beginning to level out as manufacturers and leasing companies develop ever more sophisticated personal lease arrangements and as phantom fleet insurance becomes more commonplace.

Notwithstanding the above, most employees will choose to retain their company cars for a variety of non-monetary reasons: for example, there is no hassle involved and they have no responsibility for the car.

My belief is that the status car culture is slowly but surely being eroded as companies turn to flexible benefit packages and employees begin realising the attractions of non-conventional pay practices. Those looking for an overnight change in company car practice will, however, be sorely disappointed.

Brian Friedman,
head of compensation & benefits,
Arthur Andersen & Co,
1 Surrey Street,
London WC2R 2PS

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Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
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Deficient targeting

Politicians established the rules, now politicians must play by them. In a little over two weeks, European finance ministers must establish the fiscal qualifications for entry to Europe's fast-track to economic and monetary union. The Maastricht Treaty provides them with two reference numbers, and a good deal of scope to fudge both. Given the EU's current state of fiscal disarray, one of the targets may well be dropped. The signs, however, are that it will be the wrong one.

From an economic standpoint, the arguments for imposing fiscal rules for entry to European Monetary Union were always quite weak. Once individual governments have handed over independent control of monetary policy, so the fear goes, they will have an incentive to overcompensate on the fiscal side, running up unsustainable public budget deficits. Investors might not believe that the EU would allow a member to suffer a default. In that case, Europe as a whole would bear the cost, in the form of higher European interest rates.

In principle, the "no-bail-out" condition written into the Maastricht Treaty solves this problem. In truth, however, the threat might never be credible. The best reason for additional, numerical, fiscal constraints was that, by only admitting countries with a proven record of sound fiscal policy, there would be less chance that this commitment would be tested, particularly in the early, politically sensitive stages of EMU's history.

Two arbitrary indicators were chosen: a public budget deficit of no more than 3 per cent and national debt not exceeding 60 per cent of GDP. Neither is a particularly cogent indicator of a country's ability to pursue sensible fiscal policies. Certainly, few EU member states are likely to satisfy both by 1997.

The European Commission appears to have decided to apply the deficit criterion rigorously, while casting a benevolent eye over the level of a country's debt. This is not surprising, since the Commission wants as many countries as possible to qualify and knows that it is easier to meet a target for a deficit (which is an annual flow) than for the debt stock. In addition to Luxembourg, the only country already meeting both targets, it decided not to recommend Ireland as a potentially divergent country, a decision which the EU finance ministers, rather more surprisingly, accepted on Monday.

Both can justify their decision by pointing to the impressive reduction of the Irish debt ratio, from nearly 120 per cent in 1987 to the current 90 per cent of GDP. But it sets a dangerous precedent. Regardless of the current stance of its fiscal policy, a country with a high debt ratio has a greater risk of encountering debt service problems than a country with a relatively low level of debt. The Maastricht Treaty's chosen "safe" ratio may be arbitrary, but debt is the more justifiable and the more important of the two criteria.

Some room for manoeuvre around the 60 per cent figure is required, but effectively deciding *to ignore it, by exempting countries* with ratios of 80-90 per cent, could prove damaging. Such a decision may have been necessitated by the need to offer hope to Belgium, whose debt ratio is far higher still. But the end result will be the effective obliteration of the only fiscal criterion that made an iota of sense.

Private finance

It is almost two years since Mr Norman Lamont launched the private finance *initiative*. The then UK chancellor's aim was to mobilise the private sector to meet needs that had traditionally been met by the public services. A vision of new privately-built roads, railways, schools and hospitals was conjured up.

As the initiative approaches its second birthday, that vision has yet to be achieved. Some modest projects have taken off in the health service, and several road and rail projects have been put out to tender. The Treasury has lifted its objections to financing new roads through shadow tolling – payments to the operators according to the number of vehicles using them. But there remains an absence of holes in the ground, as Mr Howard Davies, director general of the Confederation of British Industry, put it last year.

There is continuing scepticism about the initiative in Whitehall, and among the investment community which might provide the capital. Civil servants seem to have unrealistic views about the degree of risk that the private sector is prepared to assume in infrastructure projects. It is not clear that they or ministers are yet prepared to countenance the rates of return required to attract private capital. On the other side, the absence of progress on the initiative is leading many potential partners in the private sector to conclude that involvement is *unlikely to produce early returns*.

If the initiative is to achieve its promise, renewed efforts are needed to remove obstacles. One would be to provide some incentive for civil servants who succeed in bringing private finance into government services. At present, they can see only the downside of failure. If a project fails, or the private sector partner makes a large profit, there is likely to be criticism from the National Audit Office and excoriation by the Commons Public Accounts Committee.

A positive incentive might encourage clearer analysis about the appropriate share of risk between the public and private sector. Sir Alastair Morton, chairman of the panel advising the chancellor on the initiative, last night urged the government to "loosen up" its approach to risk-sharing. In a speech at the London Business School, he said that it makes sense for the public sector to bear the political risks of large infrastructure projects such as the channel tunnel rail link. By putting the link out to tender before the planning process is complete, private operators have been asked *to bear risks they cannot control*.

Lessons should also be learnt from public services where private finance is already playing a part. Housing associations were transferred to the private sector in 1988 and have since raised more than £5.5bn of private capital to supplement government grants for building low-cost homes. A similar transfer for NHS trusts and grant-maintained schools would allow them to raise capital against the value of their assets without adding to public borrowing.

Finally, some projects need to be started soon if private finance *is to be attracted into public services*. Without the prospect of lots of holes in the ground, the cost of bidding for the occasional large project will do little to encourage private sector enthusiasm.

Opposing within

The strengths and weaknesses of the British government's often theatrical battle against the European Union's social dimension were fully displayed in Brussels yesterday. Mr Michael Portillo, the aggressive new employment secretary, denounced a proposal to offer unpaid leave to fathers upon the birth of their children. But he had nothing to say about the potentially much more significant European works council directive on employee consultation, finally passed after nearly 15 years of debate.

His silence on works councils is a consequence of Britain's decision to "opt out" from that directive, which means that it has excluded itself from the final discussion. All the same, many of the 100-plus UK companies which will be affected by the directive through their European subsidiaries are likely to include their British employees in its requirements. And several employers' organisations have privately regretted that Britain was not on the inside, fighting to amend the proposal.

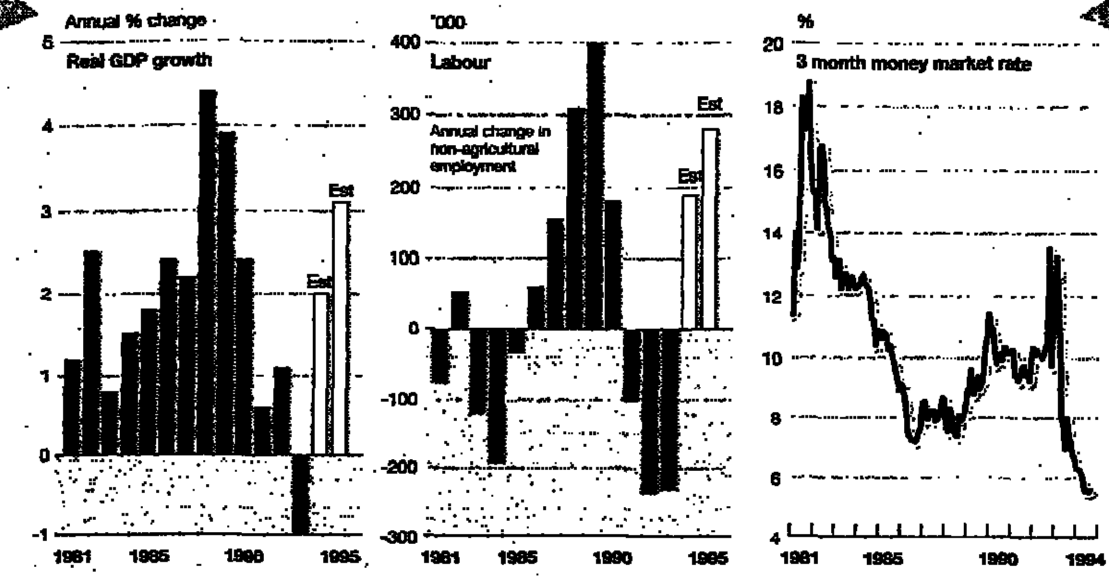
Whereas the UK's opt-out has generally been unproductive for Europe's employers, its persistent niggling from within on dubious legislation has been more helpful than critics acknowledge. The new balance between social protection and job creation that is now evident in Brussels is the result of several factors including high unemployment and the changing political balance in several capitals, but it also owes something to British truculence.

Mr Portillo acknowledges those positive new signals about the social dimension and accepts that most of the directives now under discussion are the last gasps of an earlier era.

He would probably even accept that in the areas of UK labour market legislation where Europe does play an important role – such as health and safety, and gender equality – it has produced acceptable results. But in his determination to wield the opt-out again on relatively minor measures, such as paternity leave, he is making a faulty analysis of British interests. As Britain's limited success in revising the Acquired Rights directive has shown, fighting from within can work.


Edouard Balladur, prime minister

French economy: a bold gamble with austerity



Source: French Economics Ministry, Datastream


Edmond Alphandéry, economics minister

Balladur's big balancing act

The French premier is aiming for fiscal discipline without choking off incipient economic recovery, writes **David Buchan**

For someone usually so cautious, French Prime Minister Edouard Balladur has just taken a gamble.

This week, less than eight months before the presidential election he hopes to win next May, he unveiled a deficit-slashing budget for 1995. He and his budget minister, Mr Nicolas Sarkozy, described their plans to forgo income tax cuts, to freeze overall public spending and to prune another FFr25bn (£3bn) off the deficit, as "courageous".

It is either that, or foolhardy, to place before a country recovering from recession and still suffering from record unemployment a pre-election budget which merely chips away at the heavy welfare charges that so deter job creation in France.

Mr Balladur is trying to pull off a delicate, multiple balancing act. He is aiming for fiscal rigour without choking off France's incipient economic recovery. He wants to bolster his government's pro-European and anti-inflationary credentials while putting enough people back to work to win what is likely to be a fiercely contested presidential election.

Whether courageous or foolhardy, the Balladur government has promptly set about selling its new budget to the French and foreigners. Mr Edmond Alphandéry, the economics minister, flew to New York yesterday to try to convince Wall Street investors that France is still a good bet.

Foreigners shed more than FFr100bn of their investments in French government paper in the first half of this year. As well as being deterred by the general fall in bond prices, they were bothered by the prospect of a protracted campaign for next May's election and by an aura of corruption gathering round some of its leading companies.

Pressure is also coming from Europe. Early next month, Mr Alphandéry will be grilled by fellow European Union finance ministers on France's plans to reduce its budget deficit in order to conform with the Maastricht treaty convergence targets. By that time, the budget debate in the French National Assembly will be also under way.

For French politicians, EU partners and foreign investors alike, the central question is the same: can the Balladur government meet the demands of Maastricht and of the markets for fiscal discipline, while also curing France's chronic unemployment problem?

The government believes this is possible, largely thanks to the upswing in the economy. Shaking off months of caution, Mr Alphandéry predicted this week that the *economy* would grow by at least 3.1 per cent in real terms next year, after 2 per cent this year.

Such growth would be kick-started by extra spending on public works and housing as well as government incentives for car purchases, and led by internal demand, Mr Alphandéry predicted. Increased purchasing power would sustain the rise in household consumption, while rising order books encouraged companies to make new capital investments.

Internal demand would therefore probably rise faster in France next year (3.2 per cent) than elsewhere in Europe (an average of 2.7 per cent). The economy minister said the recovery looked like being "healthy and durable", unconstrained by worries over inflation or trade imbalances. The rate of price rises, now running at 1.7 per cent a year, would stay below 2 per cent next *year, while this year's* expected FFr60bn trade surplus would only slip to FFr60bn, he claimed.

However these predictions turn out for next year, the upturn has already had an effect on the job market, with an extra 117,000 finding employment in the first half of this year.

The last time such a surge took place was in the expansionary years of 1987-89. No one in the French government expects a repetition of

> **Whether courageous or foolhardy, the government has set about selling its budget to the French and foreigners**

that expansion, unfettered as it was by Maastricht treaty fiscal disciplines.

But the Balladur administration says it is determined not to "waste" the new upturn in the way its Socialist predecessors failed to use the late 1980s boom to rein in France's public deficit and reform its labour market. Even Socialists now privately admit that if they had done more in this regard, they would not have left the country in such a mess in 1993.

Luckily, the Socialists left something behind to help Mr Balladur's conservatives clean up the mess: the expensive *nationalisation* programme of the early 1980s, in which they bought holdings of well over 50 per cent in a number of big companies. Receipts from privatisation – FFr94bn in the past 18 months – have been crucial to Mr Balladur's redressing of public finances so far, and the government is planning a further FFr55bn in asset sales next year.

Doubts centre on the magnitude and use of these receipts. Most of the easy, big sales have been made. Renault is next on the block, but its privatisation will only be partial and unlikely to bring more than FFr12bn into state coffers.

Assurances Générales de France is due to follow, but there is short-term weakness in the insurance sector. Groupe Bull – possibly third in line for sale – faces longer-term difficulties in the computer sector.

At any event, the government made no bones this week about its intention to use FFr20bn of the FFr55bn in capital receipts to help plug the gap in its budget next year.

As a result Mr Sarkozy's reduction in the budget deficit from FFr301bn this year to FFr275bn next looks for the most part like an honest cut. It needs to be. For the Maastricht timetable clock is ticking louder than ever for France.

Mr Balladur is not exactly passionate about eventual monetary union, but he likes to see himself and be seen as a man who likes to take a long-term view. Right at the *start of his government in April* 1993 – before he could begin to hope the opinion polls would lift him to his current position of "*présidentiable*" – he laid out a five-year programme for France to scrape in under the Maastricht wire by 1997.

Now that he has a reasonable hope of being in the Elysée at that time, he at least wants France to be in a position of strength to bargain with Germany on the terms of any currency union. He also thinks he knows with whom, and over what, he might be bargaining. Germany's Christian Democrats, favourites to win next month's election, have come out in favour of a "hard core" with France within the European Union.

Paris is haunted by fears of falling behind in the long Maastricht march. As Mr Sarkozy said this week, "all our partners are committed to a policy of deficit reduction . . . and *to think that France* alone could dispense with such an effort would be a grave error".

The government is particularly impressed with the current signs that Germany is finally getting a grip on its deficits. Maastricht requires that the total of all public sector deficits – on the budgets of regional governments and quasi-state bodies as well central government – should equal 3 per cent of gross domestic product or less.

On this week's plans, France's central budget deficit should fall from 4.1 per cent of GDP this year to 3.6 per cent next, but its overall public sector deficit will next year be no lower than 4.6 per cent of GDP. Most EU countries have a problem here.

But France has two particular difficulties in closing the spending gap outside its central budget. The first is that, in contrast to other EU countries except Belgium, *it is still* in the process of devolving more power and money to its regions. Paris is thus ill-placed to lay the heavy hand of Maastricht on its regions – though an indirect start was made this week with the government's decision to reduce the subsidy it pays companies on their local tax bills.

The second, and far more important, difficulty is the expansion of off-budget welfare deficits. The

> **Balladur wants France to be strong enough to bargain with Germany on the terms of any currency union**

French state is now increasingly assuming responsibility for these deficits, for two reasons.

First, the deficits are now beyond the means of employers and unions whose payroll contributions have traditionally funded much of the French welfare system; the government took over FFr100bn worth of the welfare debt accumulated in 1991-93, and may have to do the same with this year's estimated deficit of nearly FFr60bn.

Second, virtually everyone agrees in France that levying welfare charges on the workforce simply discourages employment, and that *welfare costs should be* progressively shifted more to the central budget and the general taxpayer.

But views vary on the desirable pace of this shift. Those who think it particularly important that the deficit be reduced or contained are keen that it take place rapidly; those who see the former as less important would be content with a slower shift.

This is where France's European policy and its impending presidential election come in. The European Parliament elections in June showed that France remains divided over Maastricht. To the alarm of the centre-right coalition government, 14 per cent of the vote went to the list led by Mr Philippe de Villiers, an anti-Maastricht conservative.

That fact could further fuel the undeclared but now overt rivalry between Mr Balladur and Mr Jacques Chirac, leader of the RPR gaullist party, for the presidency. Mr Chirac is not anti-Maastricht, but equivocal about it. In his quest to squash Mr Balladur's presidential pretentions, he may well cast about for the de Villiers vote.

That would mean adopting a less rigorous approach to the Maastricht convergence criteria. The question is how he is to start marking out his policy differences on the issue with fellow-gaullist Mr Balladur, and when.

He could start to do so in next month's budget debate. Mr Bernard de Froment, the RPR deputy who advises Mr Chirac on budgetary matters, rejects "fetishism on balancing the budget" and the idea that "employment levels can be fixed by the play of the market alone". Many in the Chirac camp incline to the 'don't-just-stand-there-intervene' school of economics. However, for the moment, Mr Chirac is producing silence, not ideas.

His muteness is in sharp contrast to Mr Valéry Giscard d'Estaing, president of the government's other coalition party, the centrist UDF. The ex-president has thrust his oar into the debate with a series of detailed articles in Le Figaro, showing how welfare charges of up to 40 per cent levied even on the minimum wage of FFr6,010 a month negate any incentive by employers to hire low-skilled workers. He urged the government to make deep cuts in these welfare charges, to be offset by a temporary hike in value added tax.

It is hard to read the plan as Mr *Giscard d'Estaing's launch-pad to* regain the Elysée next year. The Figaro articles are more like something penned by a young finance minister, as Mr Giscard d'Estaing was back in the early 1960s, than the vague generalities beloved of senior French politicians like the 68-year-old UDF leader now is.

But the ex-president's intervention will give yet a further twist to the budget debate that will set the shape of the coming presidential contest. Mr Giscard d'Estaing is basically in the same camp as Mr Balladur, but he leads a different party, the UDF, and wants the *prime minister to be more radical in* allying job creation to budget rigour. Mr Chirac, by contrast, is of the same RPR party as Mr Balladur but sees a more fundamental contradiction in the prime minister's "budget rigour plus jobs" approach.

It is small wonder, therefore, that, despite the impression Mr Balladur was seeking to give this week of courageous constancy, the international markets believe French economic policy will take a political buffeting in the next eight months.

OBSERVER

Party time for unemployed

■ Jacob Haugaard, a 42-year-old comic satirist, is laughing *all* the way to the Danish parliament. Calling for uncontroversial social goods such as a following wind on cycle tracks, he is only the second independent candidate to secure election in nearly 80 years.

It's a case of seventh time lucky for Haugaard and his Party of Consciously Work-shy Elements who look forward to the day when unemployment is not a mere 12.5 per cent, as now, but 75 per cent.

A familiar figure in television, cinema advertising and through his one-man shows, Haugaard grabbed 23,211 votes in his Jutland *constituency of Aarhus, Denmark's* second-largest city. He had hoped to pull in 25,000 votes; the shortfall he ascribes to one of his least popular proposals – less sex in school staff rooms.

While Haugaard promises to treat his Folketing membership as a practical joke, establishment politicians fret as to what his election says about their profession – as well they might.

Global village

■ Gin drinkers and others who have been hanging on thirstily to see who would replace Crispin Davis as head of Guinness's spirits division, United Distillers, were yesterday left uncertain as to whether to raise their glasses in a toast. An almost 12-month search has culminated in the hiring of the boss of a Swedish cement company.

Sadly, Finn Johnsson, chief executive of Euroc, may well not bring immediate cheer by reversing the dastardly act committed by his predecessor, who reduced the proof of Gordon's gin to 37.5 per cent from 40 per cent. But he will certainly be able to put to use those international marketing skills about which his prospective employer was yesterday enthusing. While followers of the drinks business were enquiring as to what Euroc did for a living, Guinness was inundated by calls from curious Swedish journalists who cheerfully admitted that they had never heard *of the British company.*

Buoyancy test

■ Limping back under tow to the Hamble River, near Southampton, last night was a dismasted 41-foot Beneteau sailing vessel named Ingotism. Its doughty crew, who had dispatched a Mayday call in the early hours as they struggled against the elements off Barfleur in the Bay of the Seine, hailed from the registrar's department of the Bank of England in Gloucester. And yes, Ingotism is the pride of the fleet at the 20-year-old Bank of England Sailing Club.

Open to all staffers working for the Old Lady, the Club boasts nearly 200 members, and the Commodore is none other than Eddie George, who inhabits that rank not by virtue of his governorship but because he enjoys messing about in boats. While the good ship will, at best, be in dry dock for some time, all hands were safe. The governor was on *terra firma* all day, and the gilt-edged market, for once, was not taking on water either yesterday.

Hungry for news

■ There have not been many laughs in the White House recently, but at least the place is now acquiring a public face with a well-developed sense of humour.

Mike McCurry, a cheerful Californian veteran of the Clinton campaign who has been an effective *mouthpiece for the state* department, is about to take on some of Dee Dee Myers's functions. The president's press secretary herself is being given "broader responsibilities" – whatever that may mean.

One of McCurry's better moments came last Saturday. Bored with waiting for news from Carter's Haiti team, he and his boss, Tom Donilon, ambled over to the White House to share a pizza. Wolf Blitzer, the hyperactive White House correspondent for CNN, spotted them and immediately went on air, speculating that something big was about to break.

McCurry watched it all on TV. At a later briefing he revealed: "It was pepperoni, Wolf."

Unappetising

■ John Major ended his epic trip to South Africa with a private visit to a safari park yesterday, predictably insisting that any resemblance between him and a dodo was a ghastly mistake: "I am not an endangered species," he piped, a remark surely destined to find its home in the quote books alongside "never had it so good" and "there is no alternative".

Norma Major did her bit for wildlife, too, courtesy of knife and fork. She lunched at a well-known Johannesburg restaurant which specialises in traditional dishes such as crocodile, worms and boiled ox-tripe – not that she tucked into *that sort of stuff.* "She was really nice but we didn't think she'd like them," the proprietor remarked realistically.

Blue-eyed boy

■ What a relief. When China finally gets its hands on Hong Kong in 1997, nothing will change except "a yellow-faced Chinese, not a blue-eyed British" will be in charge. And that's reasonably official, coming as it does from China's ambassador in Singapore, Yang Wenchang. "Even driving will be on the left side of the road. In China we drive on the right side," he added. Large ones all round at the Jockey Club please.

Toothless

■ More whispers that Kenneth Baker, former UK cabinet minister, is poised to return to government. The Beast of Bodmin, a large cat-like creature, is still supposedly roaming the west of England. So the reasoning is that Baker, as home secretary at the time of the Dangerous Dogs Act 1991, is just the man to deal with dangerous beasts – particularly a sheep in wolf's clothing.

FINANCIAL TIMES
Friday September 23 1994

Britain opts out of works council ruling for trans-European companies

UK vetoes EU parental leave plan

By David Gardner in Brussels and David Goodhart in London

The UK yesterday vetoed European Union attempts to extend statutory parental leave to fathers. It also formalised its divorce from its 11 partners on EU social policy by staying out of new rules for elected works councils in up to 1,500 trans-European companies.

The European Commission will now recast the parental leave proposal for the 11 to go ahead for the second time without the UK, under the social chapter of the Maastricht treaty, from which Britain has an opt-out.

Mr Michael Portillo, UK employment secretary, on his debut at a meeting of EU employment ministers in Brussels, said plans to give fathers of new-born or adopted children the right to three months' unpaid leave would be "immensely disruptive and destructive".

"As far as the UK is concerned, this is not a right I think we should extend at a time of very high unemployment," he told journalists.

Mr Portillo, a leader of the right-wing Euro-sceptics in the Conservative party, denied that the UK's veto was evidence of the emergence of a multi-speed Europe. "We are just going in different directions."

Asked whether he would personally want to spend time with a new-born child if he became a father, Mr Portillo said: "Yes, and my employer could give me paid holiday and I would arrange that with my employer."

On parental leave and the works councils directive, UK companies, and "foreign companies operating in Britain", would have a choice denied to the 11 other EU member states, Mr Portillo added.

Offered a four-year exemption from the paternal leave provisions, with a review in 1999, Mr Portillo said: "The best favour I can do the Council [of Ministers] is to say that these compromises will not work, because it is a matter of principle."

All EU member states except the UK and Ireland already have some provision for paternity leave, and in all but Belgium's case, it is more generous than the EU proposal.

On works councils, companies inside the UK are legally exempt from the directive, which is intended to ensure that workers' representatives in companies employing more than 1,000 people, and more than 150 in at least two member states, are consulted on cross-border decisions that affect them, such as redundancies and investment relocation.

However, about round 100 UK companies operating in mainland Europe wil be covered, against some 300 if the rules had applied on British territory. Among the most affected, according to a German study, will be 450 German companies, 250 US corporations in Europe, and 220 cross-border French concerns.

Senior EU officials said Britain could not stand apart for ever. "The rights of workers cannot end at borders" in a frontier-free single market, argued Mr Horst Gunther, deputy labour minister of Germany, which chaired yesterday's meeting.

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South Africa disappointed at European credit rating

By Mark Suzman and Kevin Brown in Johannesburg and Graham Bowley in London

South Africa has been given a disappointing rating by Ibca, the European credit rating agency, in the first formal investment risk assessment since April's first all-race elections.

The rating of BB falls short of government hopes for a BBB rating, which would qualify as investment grade. The decision puts it in the same category as countries such as Mexico, Hungary and Argentina.

In Johannesburg, Mr John Major, the British prime minister, nevertheless struck an upbeat note at the end of a three-day stay, saying that he had been impressed by the ability and determination of the coalition government which took power in May.

"The South African government is well aware of the need to create the right climate for the private sector and private enterprise," he said.

South Africa has been seeking an international credit rating since its April elections and has appointed Goldman Sachs, the US investment bank, to represent it to the main agencies.

South African government bonds fell on disappointment among domestic investors that the country had been assigned a sub-investment grade rating. As prices fell, yields rose by 28 basis points to 16.49 per cent.

"There is little surprise outside of South Africa about the decision," said Mr Graham Bell, of Baring Securities in London.

He added: "However, this reaction is likely to be short-lived. Ibca is not as widely recognised as Moody's and Standard & Poor's, the two major American agencies.

"Their ratings, expected next month, will provide more of a benchmark."

Although the country has borrowed money in the European markets without an official rating, the government is known to be particularly keen to get access to the US market.

If Moody's and S&P's give the same rating, this would preclude some big funds from buying South African bonds and force the country to pay a premium on any international issues it might make. In its June budget, the government announced its intention to raise R1.8bn ($500m) from international capital markets in the current financial year.

In its report, Ibca acknowledged that South Africa benefited from good physical infrastructure, an advanced financial system, strong managerial talent and relatively low foreign debt.

It warned, however, that the level of imports remained high and said that exports remain too dependent on primary commodities.

Major in S Africa, Page 6

World Bank set for 5% budget cut

Continued from Page 1

what our shareholders want us to do there is very little room to cut," she said.

Junior bank project managers also expressed concern that the budget cuts could make it more difficult for them to fulfil Mr Preston's requirement that they should spend more time supervising the implementation of their projects.

But other present and former bank officials say the organisation is still only minimally conscious of costs.

Mr Frank Potter, a former Canadian executive director of the bank, says continued increases in the bank's benefits package have "led to a structure in which no single benefit is outrageous but which in the aggregate amounts to a cost burden which no private institution I know of could afford."

Other bank officials say the steady increases in its operating budgets, although fuelled in part by rising demand for its services in new member countries in eastern Europe and the former Soviet Union, were causing "donor fatigue".

This comes at a time when virtually every government is forced to trim its own aid budget to cut its budget deficit.

Although the bank finances most of its lending from its internal resources, it periodically asks member countries for donations to the International Development Association, an affiliate which lends money at subsidised interest rates to the very poorest countries.

Both the bank, in its last collection for the association, and the International Monetary Fund, in a collection completed earlier this year for its similar Enhanced Structural Adjustment Facility, have found traditional donors increasingly reluctant to offer money.

Japanese tax

Continued from Page 1

Seven industrialised country partners at their summit in July. Fresh legislation will be needed if the review results in a change to the agreed rise in sales tax.

Yesterday's accord is a blow to the finance ministry's austere fiscal policies because it will have to issue bridging bonds to fund the loss of revenue, said officials.

In theory, the impact on government revenues over time will be neutral. But as the proceeds of the rise in consumption tax have already been earmarked for extra welfare spending, the ministry will have to depend on increased economic activity to generate the rise in tax income need to pay for its extra borrowing. "We regard this as a major problem," said a finance ministry official.

French bank delays results

Continued from Page 1

delay in producing its results was "embarrassing". However, it emphasised that it still had the full support of the government.

Mr Jean Sassure, a banking analyst with Société Générale in Paris, said Crédit Lyonnais could not cover its bad debts without additional government support, and estimated that special additional restructuring provisions for the first half of the year would exceed FFr10bn.

The delay is understood to have been caused less by the government's refusing to accept the inclusion of extra provisions than by difficulties in finalising the way in which additional support should be provided – through cash, guarantees or other methods.

Mr Jean Peyrelevade, the chairman appointed by the government, has been holding a series of discussions with ministers in preparation for the announcement of the bank's restructuring. The announcement is expected before the end of the year.

As far back as June, the directors had scheduled a board meeting and publication of the results for yesterday. A decision was finally taken to postpone only on Wednesday, when it became clear that not all details had been agreed. The delay may be for at least two weeks.

Crédit Lyonnais's *certificats d'investissement* – the only ones traded – closed 5.6 per cent down at FFr401. After the company's announcement, they reached a low for the year at one point of FFr390, down 7.05 per cent.

THE LEX COLUMN

Flagging spirits

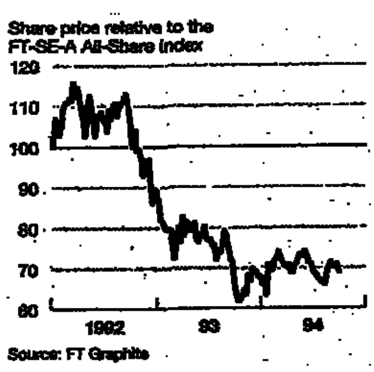
Guinness's first-half results were another case of pleasure deferred. The Spanish beer market has at least stabilised. In the spirits market, the product mix has improved, with single malt and de luxe brands ahead of last year. Overall, though, volume sales of spirits fell 5 per cent in the first half and profits from this division were down 9 per cent after adjustment for exchange rate changes. Guinness again alluded to special factors like the bad weather in the US and destocking in the UK during the first quarter, but there is still no evidence of demand strong enough for the company to make much headway with premium prices. Indeed, the relaunch of Bell's whisky in the UK seems simply to have prompted rivals to cut their own prices.

Like BTR after its margin disappointment, Guinness now stresses that it is a late cycle business. The new head of its spirits division will not be asked for a new strategy because the company remains convinced that only patience is required till Guinness can again exploit its undoubted brand strength. Yet with interest rates now on the way back up in both the US and the UK, one wonders whether the "feel-good" factor which encourages consumers to move upmarket will ever show through strongly in this cycle. If not, much time has been wasted. Profits are unlikely to be much higher this year than they were in 1991.

Obviously, a company as wedded to brand values as Guinness cannot easily switch to a tactic of sacrificing price for volume. But it makes little sense for Guinness to sit on its hands while gearing continues to fall. If its business really has matured, it would be better to buy back shares sooner rather than later. Earnings would be enhanced with the share price below 450p. The recovery would then simply be all the more sweet if, by contrast, market conditions did eventually turn decisively in the company's favour.

FT-SE Index: 3021.2 (+6.4)

Guinness



Source: FT Graphite

RMC

For the past 2½ years, RMC has successfully insulated shareholders from the full brunt of the savage downturn in the UK construction industry, chiefly by virtue of its engagement in Germany where the construction industry has defied recession. Yesterday's results show that the group has reached a turning point, with the impetus coming from the UK. Profits at home more than doubled on turnover up 16 per cent, reflecting a favourable mix of higher volumes and prices as well as lower costs.

This leaves RMC in a strong position. There is scope for further recovery in the UK and other continental European countries such as France, Spain and Austria. As for Germany, house building in the west may tail off modestly in the current year, but RMC is confident that this will be offset by a revival in commercial and industrial market. In the east of Germany, the construction industry is set to be the motor of recovery for years to come. RMC's low cost cement production facilities allow it to compete with cheap imports from Poland. RMC's decades-long engagement in Germany seems to have rubbed off on the company's culture. The group invests for the long term and is prudent in the way it husbands its cash. The only surprises are positive ones, such as yesterday's better than expected figures. The group's qualities have not gone unrecognised and the shares have outperformed the market by 12 per cent in the past year. The group has won, and deserves to keep, a premium rating to the sector.

Japan

Japan's new tax package was broadly welcomed by the US but it seems unlikely to do much to stimulate the economy and suck in imports. While the cut in income tax will be implemented before the increase in consumption tax, the impact on consumer confidence may be limited by the Finance Ministry's emphasis on the need for fiscal revenue to care for an ageing population. Nor is the equity market likely to be particularly happy while the dollar is trading at less than Y100. So there is unlikely to be much of a boost to confidence from rising share prices either.

Efforts to stimulate the economy might have more impact if they were accompanied by a further aggressive cut in official interest rates. The Bank of Japan seems reluctant to undertake this course because it fears another asset bubble. Some in the US might worry that a consequence of lower interest rates would be a weaker yen which would make Japanese goods cheaper internationally. But Japan is one industrial country where the inflationary threat remains minimal. Lower interest rates and an easier currency might also encourage an outflow of capital which would bring relief to international bond markets generally.

ED&F Man

Man's flotation price announced yesterday was lower, and its yield higher, than expected. The group's managers and advisers may console themselves that disappointing ratings were partly the inevitable consequence of a 200-point fall in the FT-SE 100 share index since the pathfinder prospectus was published. But there is more to it than that.

The City clearly has a problem with commodities traders. That is not surprising given its unhappy experiences during the 1980s with the old Berisford group and Gill & Duffus. Added to that legacy is the difficulty for analysts in following such a curious beast as Man with its businesses ranging from peanut shelling to shipping, and money broking to commodity trading. The visibility and predictability of earnings is a further concern. The growth of two of Man's three divisions has been erratic, and earnings at the historically most stable wing, fund management, collapsed during the first half of this year.

Tarring Man with the same brush as Berisford and Gill & Duffus may not be fair. The group clearly has a more mature attitude to risk. It has also successfully diversified, in contrast to the earlier groups. And the fact that the management is retaining a strong stake in the business should provide considerable comfort. If the management can deliver earnings growth and commensurate dividend growth, the group will build up a following. But it will struggle to overcome City prejudices about commodity traders.

FT WEATHER GUIDE

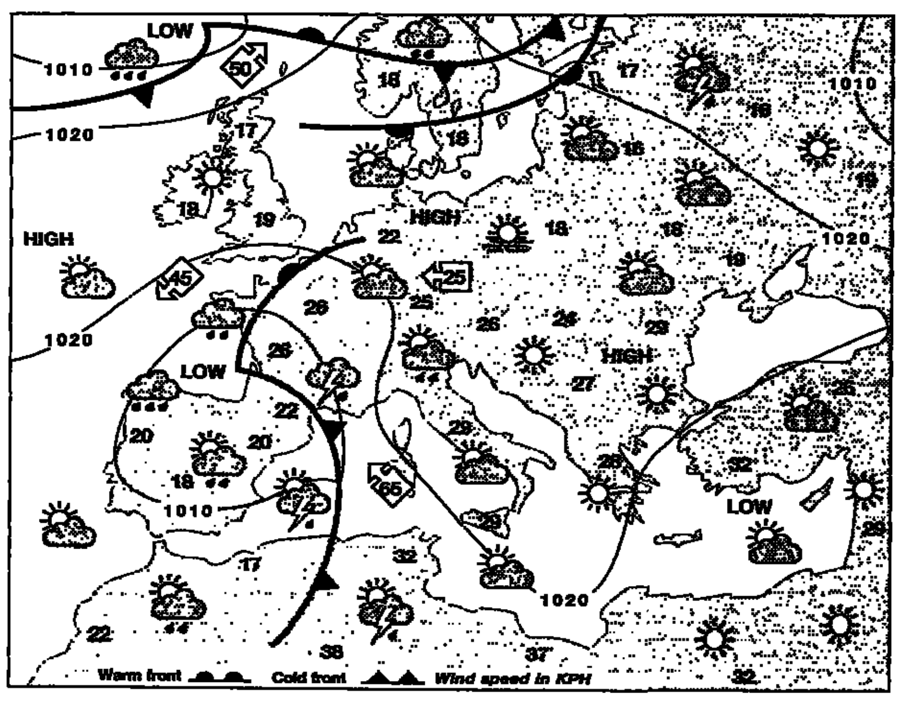
Europe today

Low pressure over northern Spain will bring heavy rain to north-eastern regions and south-east France, where thunder is also possible. Rainy conditions will affect northern Spain and western France. Italy and Malta will be partly cloudy, but there will be plenty of sunshine further east. Cyprus and southern Turkey will be cloudy.

Poland and parts of the UK will be sunny. In the northern and southern UK, the Benelux and Germany, clouds will be interspersed with sun. Thundery showers will occur around Moscow, while western Russia will see a mixture of sun and cloud. South-east Scandinavia will experience sunny periods but rain will dampen north-western regions.

Five-day forecast

Rain will cover much of the UK on Saturday. Rainy conditions will prevail in north-west Spain, western France and north-west Scandinavia. Western Russia will be very sunny. Showers will occur in southern Scotland on Sunday, while the rest of the UK will be cloudy with sunny periods.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius																
			Beijing	fair	25	Caracas	cloudy	31	Faro	shower	21	Madrid	shower	18	Rangoon	fair	31
			Belfast	sun	17	Cardiff	fair	20	Frankfurt	fair	25	Majorca	thund	24	Reykjavik	rain	9
Abu Dhabi	sun	39	Belgrade	sun	27	Casablanca	cloudy	22	Geneva	fair	24	Malta	fair	30	Rio	fair	25
Accra	fair	31	Berlin	hazy	20	Chicago	cloudy	22	Gibraltar	shower	21	Manchester	fair	20	Rome	fair	29
Algiers	thund	27	Bermuda	cloudy	30	Cologne	fair	24	Glasgow	fair	19	Manila	shower	32	S. Frsco	fair	22
Amsterdam	fair	21	Bogota	cloudy	19	Dakar	thund	27	Hamburg	hazy	19	Melbourne	shower	12	Seoul	shower	23
Athens	sun	30	Bombay	fair	30	Dallas	fair	25	Helsinki	fair	16	Mexico City	fair	18	Singapore	cloudy	33
Atlanta	cloudy	25	Brussels	fair	22	Delhi	fair	34	Hong Kong	shower	30	Miami	shower	32	Stockholm	fair	19
B. Aires	fair	23	Budapest	fair	24	Dubai	sun	38	Honolulu	shower	32	Milan	fair	26	Strasbourg	fair	25
B.ham	fair	20	C.hagen	fair	17	Dublin	sun	17	Istanbul	sun	27	Montreal	fair	21	Sydney	fair	20
Bangkok	shower	34	Cairo	fair	32	Dubrovnik	sun	28	Jakarta	cloudy	32	Moscow	shower	18	Tangier	cloudy	20
Barcelona	thund	23	Cape Town	shower	21	Edinburgh	cloudy	18	Jersey	cloudy	17	Munich	fair	20	Tel Aviv	fair	30
									Karachi	sun	30	Nairobi	cloudy	28	Tokyo	shower	25
									Kuwait	fair	38	Naples	fair	30	Toronto	fair	21
									L. Angeles	fair	23	Nassau	shower	32	Vancouver	cloudy	20
									Las Palmas	fair	26	New York	cloudy	21	Venice	fair	25
									Lima	cloudy	20	Nice	thund	24	Vienna	fair	24
									Lisbon	fair	21	Nicosia	fair	33	Warsaw	cloudy	17
									London	fair	22	Oslo	fair	19	Washington	fair	26
									Lux.bourg	fair	24	Paris	fair	24	Wellington	shower	9
									Lyon	shower	24	Perth	fair	22	Winnipeg	cloudy	23
									Madeira	fair	24	Prague	fair	22	Zurich	fair	24

FINANCIAL TIMES
COMPANIES & MARKETS
Friday September 23 1994

IN BRIEF

Accor talks with Suez stumble

The relationship between Accor, the French hotels group, and Suez, its biggest shareholder, has been called into question after an apparent breakdown in negotiations concerning an increase in the stake held by Suez in its long-term partner.Page 18

Generali rises at interim
Parent company profits at Generali, the Italian insurer, rose to L422.3bn ($271m) before tax in the first half of 1994, from L410.2bn. Page 18

Sogeti losses lessen
Cap Gemini Sogeti (CGS), the French-based computing services company, improved its first-half results with net losses of FFr116m ($21.78m) against a deficit of FFr197m last year. Page 19

Focused Nokia goes global
Two years after being appointed Nokia chief executive, Mr Jorma Ollila has focused the Finnish group very firmly on telecommunications, and the development of an increasingly global profile. Page 20

Daewoo buys Indian truckmaker
Daewoo, South Korea's third-largest carmaker, is to buy a majority stake in DCM-Toyota, an Indian truckmaker. Page 20

Wm Morrison beats prices squeeze
Wm Morrison Supermarkets, the UK regional superstore group, shrugged off price competition with a 24 per cent rise at the interim. Page 22

Daily Express shuns war
Lord Stevens, chairman of United Newspapers, has formally undertaken to keep the Daily Express out of the UK national newspaper price wars. Page 22

Bruised bananas damage Geest
The tropical storm that severely damaged banana production in the Windward Islands will push Geest, the UK fresh and chilled food group, into the red in the second half. Page 23

PizzaExpress's thicker slices

An improvement in margins in all divisions of the PizzaExpress restaurant chain helped lift full-year pre-tax profits by 75 per cent. Page 24

Uranium debate surfaces
Intense lobbying has been under way for Australia to relax its constraint on uranium mining, which currently limits production to three mine sites. Page 32

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Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko Pri	770	+	12
GEHE	540	+	4
Spring Ju Rg	640	+	10
Thyssen	295.8	+	3.8
Falls			
BHF Bank	403.7	–	4.8
Porsche	683	–	30
NEW YORK ($)			
Rises			
Norden	14[illegible]	+	[illegible]
LSI Logic	34[illegible]	+	[illegible]
Medtronic	10[illegible]	+	4[illegible]
Falls			
Amgen	54[illegible]	–	1[illegible]
Lotus Dev	3[illegible]	–	2
NovaCare	11[illegible]	–	3[illegible]

New York prices at 12.30pm.

PARIS (FFr)			
Rises			
Alcatel	549	+	13
Bic	1315	+	38
Falls			
Bouygues	600	–	14
Canal Plus	847	–	27
Cred Lyon	401	–	24
Fromageries	5050	–	190
TOKYO (Yen)			
Rises			
Central Fin	501	+	21
Mitsui Fin	800	+	29
Seiyu	1400	+	70
Falls			
Ube Tokyo	710	–	29
Keio Teito	591	–	19
Meitetsu	719	–	26

LONDON (Pence)							
Rises				Eadie Hldgs	30	–	5
Antofagasta	[illegible]	+	12	Farnell Elect	510	–	12
Baynwick	314	+	9	Geest	189	–	31
Blue Circle	279	+	5	Guinness	448	–	13
Brit Aerospace	463	+	16	Headlam	200	–	11
Green (Ernest)	74	+	1	Jeyes	176	–	59
RMC	927	+	19	Kleinwort Benson	473	–	13
Rentokil	598	+	18	McDonnell Info	112	–	104
Siebe	549	+	12	Menzies (J)	564	–	18
Seccult (Wm)	93	+	5	Photo Me Intl	225	–	10
Falls				Smith (WH)	450	–	10
Argyll Group	277	–	10				
Fil Fact	103	–	31				

Piëch set to oust VW finance director

By Christopher Parkes in Frankfurt

Volkswagen's finance director, Mr Werner Schmidt, is expected to be ousted shortly as a consequence of last year's near collapse of the group's Spanish subsidiary, Seat.

Mr Ferdinand Piëch, VW chairman, is understood to be seeking backing for his removal from key members of the company's non-executive supervisory board which will be asked to decide on the issue on November 25.

While he can expect to garner a simple majority in favour of replacing Mr Schmidt from among his political and workforce allies on the board, he is believed to be taking pains to persuade members representing the Deutsche and Dresdner banks that Mr Schmidt, 62, should go at the end of this year.

Relations between the two men have been poor since Mr Piëch's appointment in January 1993. However, the chairman's determination to unseat Mr Schmidt has hardened recently following completion of a secret auditor's report on the circumstances surrounding last year's unexpected DM1.4bn ($903m) loss at Seat.

Mr Juan Antonio Díaz Alvarez, chairman, was fired last autumn, and the rest of the top management has since been replaced. Mr Schmidt was chairman of the Spanish company's supervisory board at the time, although there has not been any suggestion so far that he was any more aware of Seat's straits than Mr Piëch.

Shortly after details of the débâcle emerged, Mr Piëch remarked that earlier, much-lower estimates of the deficit from Seat's management board amounted to "misinformation", which, in his view, was "a crime with penal consequences".

It is believed, however, that further action is unlikely, especially as the situation at Seat is still not resolved, and labour unrest and other pressing problems are building up elsewhere within the group.

A controversial Spanish government subsidy of $308m, officially earmarked for Seat's research and development budget, remains unpaid while the European Commission competition authorities examine its legality. Labour unrest is fermenting at the Czech subsidiary, Skoda, where the group wants to cut 800 jobs. VW has responded to a strike in its Brussels factory by transferring some the plant's production to Germany.

At home, VW wants to reduce the workforce at its Emden factory, main source of the Passat range, by 30 per cent. Meanwhile, the plant has been given the job of repairing or replacing 9,000 faulty gearboxes discovered in the new generation VW Polo, due to go on sale next month.

Guinness fills gap at Utd Distillers after flat results

By David Blackwell in London

Guinness, the UK spirits and brewing group, disappointed the London stock market with its interim results yesterday – then surprised it by choosing the head of a Swedish building company to lead United Distillers, its spirits division.

The shares closed down 13p at 448p after the group reported pre-tax profits of £320m ($505m) for the six months to June 30, up from £306m, reflecting sharply lower interest payments. Profits from continuing operations eased from £369m to £366m on sales slightly lower at £1.96bn.

Mr Tony Greener, chairman, described the results as "sound in the difficult circumstances".

The new managing director at United Distillers is Mr Finn Johnsson, chief executive of Euroc, Sweden's largest building products group. He replaces Mr Crispin Davis who resigned a year ago.

Mr Greener said that after an extensive search Mr Johnsson was "clearly the best candidate", with substantial experience running international businesses in competitive industries.

Operating profits at United Distillers, accounting for more than two thirds of the total, fell by £12m to £258m, while sales were slightly down, from £1.1bn to £1.05bn. The first quarter was particularly tough in two important markets – the UK and the US. The UK suffered from destocking after Christmas, while bad weather adversely affected trade in the US.

The group said it had performed well in emerging markets, with the exception of Japan in Asia and Venezuela in South America. Guinness Worldwide Brewing profits rose by 9 per cent from £99m to £108m on sales ahead from £867m to £916m. The group is increasing marketing of Guinness stout, which benefited from "a publicity bonanza" after sponsoring the Irish football team in the World Cup.

Included in the latest result is a £23m contribution from the investment in Moët Hennessy following the reorganisation last April of the relationship with LVMH Moët Hennessy Louis Vuitton. The transaction reduced borrowings by £400m to £1.5bn; an interest credit from the deal helped to cut interest payable from £98m to £69m.

The deal also diluted earnings per share, which were 11.1p (11p). The interim dividend was increased from 3.62p to 3.90p. After payment of dividends, the free cash flow was £23m – down from a previous £116m.

People, Page 8; Lex, Page 16; LVMH net up 36%, Page 19

Ashley Ashwood

Still at the heart of Guinness: United Distiller's Cardhu distillery in Morayshire, Scotland, home of Johnnie Walker whisky

Trading group's new head talks to **Kenneth Gooding**

Marc Rich gives way to Glencore in name only

The tremendous upheaval at the world's biggest diversified trading company culminates this month with a change of name – from Marc Rich & Co to Glencore International. In the past three years the company has been convulsed by a succession struggle at the very top, staff defections and accusations about wrong-doing, particularly in the former Soviet Union.

Mr Willy Strothotte, who emerged as chairman and chief executive, dismisses suggestions that all this weakened Glencore's position in commodity markets. These suggestions come from rivals, he says, and were sometimes taken seriously by the media because of the personal difficulties of Mr Marc Rich, the Belgian-born founder of the group. He was charged with tax evasion and other offences by the US authorities in 1984 and has refused to return to the US to answer the charges.

Mr Strothotte said it would be a tragedy if Mr Rich was remembered more for being a fugitive than for building from scratch a world-class business and, in turnover terms, Switzerland's second-biggest corporation after Nestlé. As a private company, Glencore does not give financial details but Mr Strothotte does not argue with analysts' estimates of an annual turnover of $25bn to $30bn and net profits of $125m to $160m. Mr Rich recently revealed the group's capital base to be about $750m.

Glencore is one of the biggest operators in global oil and oil products markets, trading about 1.5m barrels a day. It is the biggest player in the international aluminium and alumina markets, trading 2.5m tonnes of aluminium and 3m tonnes of alumina a year, and it owns a handful of industrial companies. Some of these are held by Südelektra, once a sleepy investment fund, and now the best-performing Swiss stock. Its shares have soared from around SFr350 when Glencore took control in 1990 to SFr1,920. Mr Strothotte describes Südelektra, in which Glencore has a 53 per cent stake, as "our window to the capital markets".

Mr Strothotte, 50, started his trading career in 1961 as an apprentice with Frank & Schulte. In 1966 he joined C. Tennant and moved to ICC Metals in 1972. He was hired to Marc Rich in 1978, four years after it was founded, by Mr Alex Hackel and groomed as his successor to head metals and minerals trading operations.

The retirements in 1992 of Mr Hackel and two other senior Rich executives sparked a dispute about how quickly Mr Rich himself should follow them and sell his shares – more than 50 per cent of the capital – to the new management team. In the event, Mr Rich stayed on but Mr Strothotte and two other senior executives resigned.

By March last year, Mr Rich had decided to call back Mr Strothotte as chief executive. Mr Rich's holding has been reduced to 25 per cent and Mr Strothotte is confident that his remaining shares will be transferred to management and employees.

There are now about 360 Glencore shareholders, compared with 150 when Mr Rich was chairman. The company pays no dividends and all net profit goes into retained earnings to inflate the shares' value. When shareholders leave the group they must sell their equity which is passed on to other employees at the management's discretion. Mr Strothotte says the group does not pay big bonuses as management and senior employees benefit from share ownership instead.

Mr Strothotte says the change of name is simply to prevent confusion between Glencore and Mr Rich's own finance and property group, Marc Rich Holding. "You don't change an image by changing a name. You change your image by changing your conduct – and that I don't want to change."

Neither does the change of name signal a change of direction, he insists. Glencore will continue to trade base metals, non-ferrous and ferrous metals and ores, coal and grains – it is now the biggest exporter of European Union grain to eastern Europe.

"Our business is physical. We use terminal markets as a means of protecting that business but we don't trade paper or derivatives. We have no seat on the London Metal Exchange or other markets. We are happy to use brokers rather than to act as brokers ourselves."

Before Mr Strothotte leaves Glencore he says he "would want to see the restructuring completed and to complete a number of exciting things I know are ahead".

Willy Strothotte

Glencore International
Headquarters: Zug, Switzerland
Turnover: $25bn-$30bn
Net profits: $125m-$160m
Net worth: At least $750m
Employees: 2,000 in direct trading and 3,000 in other operations
Activities: trades in crude oil and petroleum products, ferrous and non-ferrous metals and minerals and agricultural commodities (grain, rice, sugar)

Industrial assets include:
53% of Südelektra
Ravenswood Aluminium, West Virginia: 170,000 tonnes a year aluminium smelter, 295,000 tonnes rolling mill
Alumax, South Carolina (26.7%, balance held by Alumax): 180,000 tonnes a year aluminium smelter
Vialco, US Virgin Islands: 630,000 tonnes a year alumina refinery
Eurallumina, Sardinia (21%, balance owned by Alumix and Comalco): 840,000 tonnes a year alumina refinery
Perubar, Peru: zinc and lead mine
Tselentis Coal, Vryneid, South Africa (50%, balance held by private investors): 1.5m tonnes a year coal mine
Silicon Technology, Johannesburg, South Africa: 55,000 tonnes a year capacity ferro silicon producer
Vanadium Technology, Johannesburg: 3,6000 tonnes vanadium pentoxide benefication plants

Main trading centres:
Stamford, Connecticut; Tokyo; London; Zug; Rotterdam; Moscow; Singapore

Investment losses hit Olivetti

By Andrew Hill in Milan

Investment losses and restructuring costs drove Olivetti, the Italian computer group, into a loss of L280.7bn ($180m) before tax in the first half of 1994, more than L100bn higher than in the equivalent period last year.

But the group, headed by Mr Carlo De Benedetti, yesterday tried to rally jaded investors by confirming its earlier forecasts that it was on target to break even at operating level for the full year, after three years of losses.Olivetti recorded an operating loss of only L6.2bn in the six months to June 30, against a loss of L119.4bn in the first half of last year.

Olivetti shares have come under intense pressure recently because of concerns about investment losses and global personal computer price wars.

As expected, Olivetti had to take a L103bn extraordinary loss in the first half on its investment portfolio, which the group maintains in reserve for unexpected restructuring and acquisitions. It will also have to record a L30bn extraordinary loss in the second half to cover hedging operations carried out to prevent further investment losses. "We have been unfortunate, like 95 per cent of the money managers in the world," Olivetti said yesterday.

Total extraordinary charges amounted to L231bn against L5bn in the first half of 1993, when the pre-tax loss was L168.1bn.

Restructuring at Olivetti, which has cut its workforce from 59,000 to 35,000 in the past five years, cost a further L100bn or so in the first half of 1994, and is likely to continue into the first half of next year. But sales, general and administrative costs are now equivalent to only 20.6 per cent of first-half turnover, against 28 per cent in 1992. Olivetti expects costs to come down to as little as 18 per cent of sales by the middle of 1995.

Consolidated turnover in the first half rose to L4,146bn, up 7.8 per cent on the equivalent period if adjusted for divestments. The group said it had anticipated about 90 per cent of the recent price cuts in the international personal computer market and pointed out that its products division had increased turnover by 9.7 per cent, helped by a 34.5 per cent increase in PC sales.

Sales of the systems and services division – which account for about 60 per cent of annual turnover – grew by 6.3 per cent and 7.8 per cent respectively.

The shares closed yesterday at L2,008, before the results were released, down L30 on the day.

Generali profits climb to L422bn

By Andrew Hill in Milan

Parent company profits at Generali, the Italian insurer which is the country's biggest quoted company, rose to L422.3bn ($271m) before tax in the first half of 1994, compared with L410.2bn in the equivalent period last year.

The company said ordinary operations had performed well, but like all financial companies, Generali's investment portfolio has been punished by difficult markets and rising interest rates.

On June 30, the end of the first half, the group's unrealised gains on its share portfolio stood at L7,050bn, but since then some L350bn has been wiped off the value of its holdings. By mid-September, the company said its unrealised gains stood at L6,700bn.

At the halfway stage, Generali does not give full consolidated group figures, but it said aggregate group premiums had increased by 15.3 per cent to L15,696bn in the first half, of which L11,183bn came from outside Italy.

Gross parent company premiums in the first half increased to L4,891bn, a rise of 4.2 per cent if exchange rate differences are evened out. Life premiums rose to L2,028bn and non-life to L2,863bn.

Generali's investments in the first half increased by 5 per cent to L32,123bn, but the increase in income was comparatively sluggish. Net of financial charges, the income rose 3 per cent to L1,251bn.

"Activities in Italy have shown a satisfactory development in the life operations," the company said in a statement yesterday. "However, the progress of the non-life operations has been modest, although a recovery is expected in the second half."

Insurance companies are expected to be among the main beneficiaries of the Italian government's efforts to reform the Italian pensions sector, which should lead to more private pension schemes.

Generali's shares closed before the release of the half-year results at L39,519, against an opening price of L39,976.

UK recovery lifts RMC's results 60%

By Christopher Price in London

The continued strength of the German construction market and recovery in the UK helped RMC Group to a 60 per cent rise in first half pre-tax profits from £61.6m ($97.3m) to £98.8m.

Turnover rose 14 per cent to £1.92bn from £1.69bn, with Germany contributing £782.2m, an increase of £55.4m on the previous year.

Profits from German operations – where RMC has a dominating 16 per cent share of the ready mixed cement market – grew 8 per cent from £52.9m to £57.2m.

UK profits more than doubled from £14.1m to £33.3m on turnover 16 per cent ahead at £527m. Mr Derek Jenkins, finance director, said price increases of around 8 per cent in the UK concrete business were being passed on to customers.

RMC confirmed recent evidence of a strong recovery in the UK's new house market, with the south-east in particular seeing good demand. Margins in eastern Germany remained firm and Mr Jenkins forecast double-digit growth in volume terms for the foreseeable future.

Turnover from RMC's other European operations rose 19 per cent to £421.6m with profits 33 per cent higher at £16.4m.

Earnings per share almost doubled from 13.4p to 24.6p. The interim dividend rises from 6.6p to 7p.

Lex, Page 16

Crédit Commercial advances 8%

By Andrew Jack in Paris

Crédit Commercial de France, the French banking group, yesterday reported net profits up 8.6 per cent to FFr585.6m ($110.9m) for the first half of 1994 compared to the same period last year.

Mr Charles de Croisset, who took over as chairman last year, said the bank had followed a prudent policy and the profits and quality of its loan risks were good. "Difficult is not the word," he said.

He said the results marked the return to the "more classic" performance of the bank after an "exceptional" period last year in the markets and from sharply higher provisions related to regional banking.

Net banking income was unchanged at FFr4.6bn, but operating costs rose 4.2 per cent to FFr3.12bn, which reduced operating profits after depreciation by 7.8 per cent to FFr148bn for the six months to the end of June 1994.

Net new provisions declined by 37 per cent to FFr484m, compared with FFr769m in the first half last year and from FFr662.8m in the first half of 1993.

Balance sheet assets were up to FFr337bn from FFr318.7bn. Deposits during the first half rose 15.1 per cent to FFr74.2bn compared with FFr64.5bn last time. Credits in the same period rose 2.6 per cent to FFr90.5bn.

Mr de Croisset also said that he believed the prospects for the French economy were healthy, with all the indicators suggesting a recovery.

Hungarian power unit sees rise

By Virginia Marsh in Budapest

MVM Rt, the main operating subsidiary of Hungary's state electricity monopoly, has reported pre-tax profit of Ft2.379bn ($22.03m) on turnover of Ft52.78bn for the first half of 1994.

The company, which is due to be partly privatised by the middle of next year, is expecting pre-tax profit of Ft1.4bn on turnover of Ft107.81bn for the year, up from Ft329m on turnover of Ft101.4bn in 1993.

However, this year's turnover could rise by Ft22.7bn if, as expected, electricity prices, presently 40-60 per cent of western European levels, are increased by 30 per cent in October.

The rises are designed to make the company more attractive ahead of privatisation. The government and AV Rt, the privatisation body, which is being advised on the sale by Schroders, the UK merchant bank, are due to make a decision on the sell-off within the next month.

Under the plan being considered, the state would sell stakes in MVM's power generation and distribution subsidiaries. MVM's nuclear plant and the national grid would remain 100 per cent state-owned. The state is expected to announce tenders this autumn for minority stakes in five of the country's six household gas distribution companies

US airline may buy Bombardier jets

By Robert Gibbens in Montreal

American Airlines is considering buying up to 50 Canadair Regional Jets from Bombardier, the Canadian aerospace and transit equipment group, to re-equip three of its four fully-owned feeder lines, say US aircraft industry sources.

The 50-seater RJ sells for about US$20m. RJs are flying with Delta Airline's feeders Comair and Skywest. The RJ launch customer was Lufthansa's regional unit and several European airlines use the aircraft.

American Airlines would not comment on the reports. In Montreal, Bombardier said it has had discussions with American Airlines but "no active negotiations are on the way at present".

Avmark, the US aviation marketing and management group, said an American Airlines deal for the RJ has been rumoured for two months.

Mobilfunk partners to increase holdings

By Christopher Parkes in Frankfurt

The commercial partners in Mannesmann Mobilfunk, the mobile telephone concern, are to increase their holdings with the purchase of a 10.35 per cent stake currently held by the Deutsche Genossenschaftsbank, DG Bank.

No information was available yesterday on the terms of the deal, although the Mannesmann group, which owns 51 per cent of the business, said the stake was expected to be shared among the partners in proportion to their existing holdings.

This would give the German consortium leader a further 6.45 per cent. AirTouch of San Francisco would take 3.3 per cent with the balance of about 0.6 per cent going to Cable & Wireless.

Mobilfunk is the leading private mobile phone company in Germany.

After making its first profits in the first half of this year, it now has well over 700,000 subscribers, and according to some estimates could have 1m customers by Christmas.

The agreement coincided with confirmation that the German government will press European Union partners to fix a date for free competition on European networks at a joint meeting of industry and telecommunications ministers in Brussels on September 28.

If there was still no agreement at a meeting of post and telecoms ministers booked for November 11, the German group would consider going it alone, according to a joint statement from Bonn's research, post and economics ministries.

Mr Wolfgang Bötsch, post minister, has said Germany might liberalise its network on January 1, 1998, the date set for deregulating EU services.

The government has been convinced by private sector lobbyists that open competition in data and telephone communications networks will provide thousands of urgently-needed jobs.

Accor talks stumble over Suez bid for more control

By John Ridding in Paris

The relationship between Accor, the French hotels group, and Suez, its biggest shareholder, has been called into question following an apparent breakdown in negotiations concerning an increase in the stake held by Suez in its long-term partner.

The two companies had been discussing an increase in Suez's participation aimed at providing a solid core shareholder for Accor.

But the negotiations ran into trouble concerning the extent to which Suez would play a management role, and Accor said that it had become clear to both parties that they could not move ahead. "They wanted powers of decision which we could not accept," Accor said.

Suez declined to comment on the state of the talks, but said it would make an announcement on Monday concerning the future of its 12.4 per cent stake in Suez, held through Société Générale de Belgique, its Belgian subsidiary.

Industry observers in Paris said that the rupture of negotiations could prompt Suez to reduce its stake in Accor. "If they haven't reached agreement, then a sale of some of its stake seems likely, although it may not be immediate," said Mr Jean-Jacques Vironda, leisure analyst at Société Générale in Paris.

According to Mr Vironda, the disagreement between the two companies revealed the fragility of Accor's shareholding structure.

The Caisse des Dépôts et Consignations, the state financial institution which is Accor's second biggest shareholder, is widely thought to want to sell its stake.

Suez was regarded as a stable core shareholder, but Mr Gérard Worms, chairman, demanded a significant management role in Accor and a strong influence in designating the eventual successor to Mr Paul Dubrule and Gérard Pelisson, the co-chairmen who have built the company into one of France's leading hotel chains.

Hoechst plans to lift margins

By Christopher Parkes in Frankfurt

Germany's Hoechst group plans to increase profitability in its healthcare division by reducing research spending and squeezing more synergies from its domestic businesses and its French subsidiary, Roussel Uclaf.

Mr Jean-Pierre Godard, head of the pharmaceuticals division, said he planned to increase gross operating margins, currently around 10 per cent of sales, to 14 per cent within three years.

The research and development budget would be trimmed by up to 4 per cent this year. Rises on the scale of last year's 16 per cent, taking the total to DM1.5bn ($1bn), were no longer affordable in the current business environment, he told a press conference. He aimed to reduce the annual total to about DM1.3bn.

Research would be more sharply focused on a specific, limited range of projects to avoid overlaps and duplication, he added. The French group would in future process all work on anti-infective preparations while Hoechst would be responsible for cardiovascular agents.

Discussions were not yet complete on which companies would take charge of immunology, inflammation, osteoporosis and rheumatology work.

Mr Godard claimed European plant running costs could be reduced by up to 20 per cent by better co-ordination of production between Hoechst, and its Behring and Roussel Uclaf subsidiaries.

The Hoechst and Roussel drugs operations are already being merged into joint ventures in the UK and Italy. Starting next year, the Belgian, Greek, Dutch, Portuguese and Spanish businesses would be merged under a single management team.

Including a reduction of 800 in the workforce, the rationalisation measures were expected to save the group DM200m a year, Mr Godard said.

On future strategy, he said the group had to improve its position in the US, where it generated only 6 per cent of sales and had a 1 per cent market share.

Mr Karl-Gerhard Seifert, the Hoechst main board director responsible for drugs, said that in spite of moves by German competitors, the group had no plans to establish a generic drugs business in the domestic market. It was first and foremost a producer of innovative pharmaceuticals, he said.

However, a new stake in Copley of the US and Britain's Arthur Cox company meant the group was strategically well-placed in the world market for out-of-patent drugs, Mr Seifert claimed.

Belgian bank up 8% at BFr5.4bn

Kredietbank, Belgium's third largest bank, boosted consolidated net profits by 8.7 per cent to BFr5.4bn ($170m) for the first half of 1994, writes Lionel Barber in Brussels.

The earnings growth was largely due to a strong performance in customer services, as well as tight control of costs and a cut in write-downs and provisions. Second-half profit is expected to match the first.

The bank's performance was held back by disappointing results on "certain financial operations for own account," with current gross income falling 0.6 per cent. Kredietbank blamed uncertainty in the financial markets and the rise in long-term interest rates.

Customer deposits rose 6.9 per cent to BFr1,365bn.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 23.09.94: Pool purchase price £/MWh	Final Prices for Trading on 20.09.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.92	10.50	10.50
0100	9.92	9.60	9.60
0130	9.95	9.60	9.60
0200	12.40	9.60	9.60
0230	12.40	9.60	9.60
0300	12.40	9.60	9.60
0330	11.18	9.60	9.60
0400	9.92	9.60	9.60
0430	9.92	9.60	9.60
0500	9.92	9.60	9.60
0530	9.88	10.40	10.40
0600	9.94	10.50	10.50
0630	12.30	11.00	11.00
0700	17.89	13.12	16.24
0730	16.63	18.25	21.37
0800	17.14	16.95	20.07
0830	18.39	16.95	20.08
0900	18.41	18.64	21.77
0930	22.21	18.76	21.89
1000	22.22	18.77	21.90
1030	22.21	18.77	21.91
1100	22.21	18.78	21.51
1130	18.42	18.79	21.93
1200	18.41	18.80	21.95
1230	18.39	18.80	21.94
1300	18.38	18.77	21.91
1330	17.74	36.82	39.95
1400	17.12	18.73	21.86
1430	17.12	18.73	21.85
1500	17.12	18.62	21.74
1530	17.12	18.25	21.37
1600	16.63	18.25	21.37
1630	17.12	18.25	21.37
1700	17.12	17.34	20.46
1730	17.38	18.25	21.37
1800	17.38	18.25	21.37
1830	17.38	16.95	20.07
1900	16.63	16.95	20.07
1930	27.73	16.73	19.86
2000	27.73	16.53	19.65
2030	27.73	31.73	34.85
2100	20.89	31.73	34.85
2130	17.38	31.73	34.85
2200	17.38	23.25	26.37
2230	16.00	16.44	19.56
2300	15.67	16.53	19.65
2330	13.80	16.36	19.47
2400	11.34	13.65	16.77

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the [illegible]

INTERNATIONAL COMPANIES AND FINANCE

Northrop Grumman to shed 9,000 jobs

By Richard Tomkins in New York

Northrop Grumman, the US defence group formed earlier this year through the $2.2bn merger of the Northrop and Grumman defence companies, yesterday announced that it would reduce its workforce of 47,500 employees by 9,000 over the next 15 months.

Mr Kent Kresa, chairman and chief executive, called the move a "painful but necessary step" in the increasingly competitive defence contracting environment.

Last month Lockheed and Martin Marietta, two of the three biggest US defence contractors, announced plans for a $10bn merger.

Northrop Grumman said about 1,000 of its planned job cuts resulted directly from the merger of Northrop and Grumman, mainly through the closure of Grumman's corporate office and the dissolution of the former Grumman aerospace and electronics group announced earlier in the year.

Jobs at Grumman's Long Island operations in New York will be cut by 3,500, of which 2,500 will go by the end of this year. Northrop Grumman said about two-thirds of the cuts resulted from a restructuring announced by Grumman before the merger with Northrop.

In California, job cuts are expected to total about 4,500, of which 700 will take place before the year end. The figure includes the previously reported reduction of 2,400 employees assigned to the B-2 stealth bomber programme, 1,600 job cuts in the military aircraft division in Hawthorn, and 500 job cuts in the Hawthorn electronics unit.

Northrop Grumman also announced that changes to its early retirement plan and the offer of early retirement to 5,000 employees would result in a one-time charge of $300m in its fourth quarter if 60 per cent of employees accepted the offer. The precise amount would not be known until after the acceptance deadline of November 15.

Sogeti trims losses at halfway stage

By John Ridding in Paris

Cap Gemini Sogeti (CGS), the French-based computing services company, yesterday announced an improvement in first-half results, cutting net losses to FFr115m ($21.78m) compared with a deficit of FFr197m in the first six months of 1993.

Mr Geoff Unwin, chief operating officer, said that the company had gained momentum towards recovery after losses of FFr430m last year. He said that the group, in which Daimler-Benz of Germany has a 34 per cent stake, should return to profit in 1995.

The first-half improvement reflected a radical reorganisation of the group's operations. Revenues were also helped by an improved economic environment in some of its principal markets.

Total revenues slipped to FFr5.05bn in the first six months of 1994 from FFr5.53bn in the first half of 1993. Operating income climbed to FFr194m from FFr121m.

According to Mr Unwin, the decline in revenues was reversed in the second quarter of the year and that improvement continued through July and August. He cited several positive factors, including the successful introduction of new service offerings such as information systems management.

Profitability was improved through the merger of its loss-making German subsidiary, Cap Debis, with Debis Systemhaus, the software arm of Daimler-Benz. As a result, the 49 per cent stake of CGS in Cap Debis was reduced to 19.6 per cent in the merged company.

Mr Unwin said the group's Genesis restructuring programme, launched in mid-1992, was beginning to yield results. The programme, which involved the creation of geographical business centres and the absorption of ambitious acquisitions made at the end of the 1980s and early 1990s, has allowed the company to transfer expertise more rapidly to its various markets.

CGS said its order book had strengthened significantly since the beginning of the year and that its financial position had been reinforced following a FFr1.5bn capital increase in May. But price competition remained fierce, partly reflecting the entry of computer hardware manufacturers into the sector.

Private bids invited as Italian catering group rejects offers

By Andrew Hill in Milan

The sale of Italy's state-controlled supermarket and catering businesses – part of the dismembered SME group – has been opened to private offers after two consortia bids were rejected.

Iri, the state holding company, did not specify why the offers were unacceptable. But in a statement issued late on Wednesday night after a board meeting, the company said any of the original potential buyers – including those which did not lodge a formal offer – could renew their interest by Monday.

Iri said it hoped to conclude negotiations for the purchase of the GS supermarkets and Autogrill catering business by October 20.

Both consortia interested in the sale had already suffered setbacks. Pam, the privately-owned Italian retailer, decided to pull out of its agreement with Edizione Holding, the Benetton family's holding company, and Mövenpick, the Swiss hotel and restaurant group, at the last moment.

Pam, which could now put in an offer for part of GS-Autogrill, was replaced in the consortium by Crediop, the investment finance subsidiary of the banking group San Paolo di Torino.

The other consortium consisted of La Rinascente, the quoted Italian retailer, Ferrero, the Italian confectionery group, and FinComit, the merchant banking operation of Banca Commerciale Italiana. In an earlier form it also included Centromarca, an alliance of Italian consumer brands.

Financial advisers have already criticised the Italian authorities for the structure of the GS-Autogrill sale, the final part of the tortuous break-up and privatisation of SME.

Last year, Iri had to abandon a first attempt to sell GS-Autogrill – valued at more than L2,000bn – because it received inadequate offers.

Iri has successfully used the tactic of private negotiations before in selling off specialised parts of the state-owned steel industry.

LVMH posts 36% rise in net income

By John Ridding

LVMH, one of the world's largest luxury goods companies, yesterday confirmed a sharp increase in first-half profits, recording a 36 per cent rise in net income to FFr1.27bn ($240m).

Including an exceptional gain from January's acquisition by Guinness of the UK of a 34 per cent stake in Moët Hennessy, net income was FFr4.75bn. Sales rose from FFr10.04bn to FFr12bn.

The French company, which forecast the rise in profits earlier this month, said the result reflected improved sales and profits across its divisions.

The Champagne and wines division increased income from FFr86m to FFr118m and the cognac and spirits division raised earnings from FFr781m to FFr912m. Income from luggage and leather goods rose from FFr968m to FFr1.39bn, while perfumes and beauty products increased earnings from FFr326m to FFr352m.

LVMH said the latter increase reflected the success of recent product launches. The rise in champagne and wine earnings was attributable to the impact of lower grape prices and production costs and stronger demand, while a rebound in Japanese sales was cited as the principal reason for improvement in the cognac and spirits operations.

Trygg-Hansa names new chief

By Christopher Brown-Humes in Stockholm

Trygg-Hansa's search for a new chief executive ended yesterday when the Swedish insurer said it had appointed Mr Lars Thunell, president of the asset management group Securum.

The appointment, which will take effect on November 1, came a month after Mr Björn Sprängare resigned from the post after strong criticism of his performance and uncertainty over group strategy.

Trygg-Hansa has been through a difficult phase due to heavy losses from its investment in Home, the US insurance group, its failure to gain a banking licence, and the collapse of its alliance with the mutual pension group, SPP. Its problems were highlighted this week when Standard & Poor's, the US rating agency, downgraded the company's senior debt and claims-paying ability.

Mr Thunell, 46, is widely admired in the Swedish financial community for his stewardship of Securum, which was formed in early 1993 as a home for the failed loans within state-owned Nordbanken.

Mr Thunell said yesterday that Trygg's domestic insurance business was "sound," but he was reticent on his plans for the group.

One of his main priorities will be to find a strategic co-operation partner, allowing Trygg to reduce its 64.5 per cent stake in Home. Mr Thunell did not rule out a disposal of the entire stake.

MacMillan Bloedel sells Harmac stake

By Bernard Simon in Toronto

MacMillan Bloedel, the western Canadian forest products group, has agreed to sell its remaining 51 per cent stake in Harmac Pacific, the Vancouver-based pulp producer, for C$192m (US$143.2m).

Macblo and Harmac will together sell 76,500 warrants to a syndicate of Canadian securities dealers.

Each warrant is exercisable into a unit consisting of 100 Harmac common shares and a C$1,000 convertible debenture.

Macblo will sell its Harmac shares for C$15.125 per share, payable in three instalments.

Each $1,000 principal amount of the debentures is convertible at any time after the exercise of the special warrants into 60.061 shares. Of the total proceeds, Macblo will receive C$115.7m, and Harmac C$76.5m.

Harmac was formed earlier this year as a vehicle for Macblo to spin off the bulk of its pulp operations. Macblo sold 49 per cent of Harmac to the public last May.

Mr Bob Findlay, Macblo's president, said the divestiture of the pulp operations would enable the company to concentrate on its building materials, packaging and groundwood paper businesses.

Borden sceptical over Kazarian

By Richard Tomkins

Mr Paul Kazarian, the US investor trying to launch a last-minute bid for Borden, the troubled food group, has told the company he is prepared to offer between $16 and $18 for each Borden share.

The offer is considerably more than the $14.25 a share bid launched by Kohlberg Kravis Roberts, the Wall Street leveraged buy-out specialist, last week.

Presenting himself as a potential white knight, Mr Kazarian said that he and his Rhode Island investment firm, Japonica Partners, wanted to take a stake of between 20 and 90 per cent.

Mr Kazarian, a former chairman and chief executive of the Sunbeam-Oster consumer products group, said he had a plan for rebuilding Borden that should increase the value of its equity to between $22 and $25 a share in 1995.

Borden's management, however, remains sceptical. It says that Mr Kazarian has yet to make any firm proposal, and that he has given no indications of how an offer would be financed.

The company's meeting with Mr Kazarian comes at a time when some of Borden's shareholders have become increasingly vocal in their complaints against the terms of KKR's offer.

Some institutional investors have given notice that they will refuse to tender their shares to KKR when the offer formally opens.

Borden's board was due to meet late yesterday evening to approve a definite merger agreement with KKR ahead of today's deadline.

The company's shares were ahead $⅛ at $14¼ in early trading.

Stillhalter opens with deficit

By Ian Rodger in Zurich

Stillhalter Vision, the option-based investment company set up by Mr Martin Ebner's BZ banking group on April 8, has got off to a poor start, reporting a SFr228.6m ($178.50m) loss for the period ended August 31.

The loss arose entirely from unrealised losses on the market value of its investments. The company raised SFr3bn in April, mainly from institutional investors transferring their holdings in Swiss blue chip shares to it.

Kendall Square may seek protection from creditors

By Louise Kehoe in San Francisco

Kendall Square Research, a struggling US supercomputer manufacturer, has closed its computer business and said that it may be forced to seek protection from its creditors under US bankruptcy laws.

It is the second US supercomputer company to face a financial crisis. Last month Thinking Machines, a pioneer of massively parallel supercomputer technology, filed for bankruptcy protection.

Kendall Square said that its chief executive had resigned and the company yesterday laid off most of its workers, leaving a staff of 50.

The company said that the decision to cease manufacturing and sales operations was reached "in light of the failure to receive expected orders and the inability of the company to raise additional capital".

The supercomputer maker, once seen as a promising company in the emerging MPP supercomputer market, became embroiled in an accounting debacle last year when it disclosed that prior sales had been overstated.

Kendall said that it would continue to service and support its customers and that it would continue efforts to license its core technologies to other computer and networking companies.

Cockerill Sambre enjoys turnround at six months

By Lionel Barber in Brussels

Cockerill Sambre, Belgium's biggest steelmaker, took advantage of the steady economic recovery in Europe with a profits turnround in the first half of this year.

The company announced yesterday a BFr277m ($8.68m) net profit for the first half of 1994 after registering a loss of BFr3bn in the same period in 1993. Consolidated turnover rose by 13 per cent, to BFr84.7bn from BFr74.9bn.

The turnround underlines an upturn in the automotive sector and a gradual improvement in steel prices in Europe. The company said its cash flow had risen to BFr5.8m in the first half of 1994 compared with BFr1.7m over the same period in 1993.

Cockerill said it had carried out its planned BFr22bn investment programme. Group debts rose to BFr9.6bn, compared with BFr8.1bn to the end of December 1993. Shareholders' funds stood at BFr62.8bn.

This week, Cockerill put in a bid for Eko Stahl, eastern Germany's loss-making steel mill. The bid price was not disclosed, nor is it clear if the Belgian steelmaker is the only party interested in acquiring Eko Stahl.

Cockerill's parent company also increased turnover to BFr34.4bn in the first half compared with BFr28.8bn. It posted a net profit of BFr8m compared with a loss of BFr2.7m.

Daewoo buys stake in Indian truckmaker

Daewoo, the South Korean conglomerate and the country's third-largest carmaker, is to buy a majority stake in DCM-Toyota, an Indian truckmaker, Reuter reports from New Delhi. It is planning to transform the ailing company into a profitable car manufacturer.

Mr Shiv Awasthi, managing director of DCM-Toyota, said that a shareholders' meeting next Thursday was expected to approve a capital restructuring and a change in the company's name to DCM-Daewoo Motors.

"There was a need for a strategy to broaden the product range for [sales] volume and sustainable growth," he said.

Several leading carmakers are gaining a foothold in the Indian auto industry in competition with Suzuki, the most established producer in India. They include General Motors, Mercedes-Benz, and Volkswagen.

DCM-Toyota incurred sustained losses as the market for its lightweight trucks was hit by a rising yen that increased manufacturing costs, and by competition in India from rival Japanese vehicle makers Mazda, Nissan and Mitsubishi.

Daewoo is planning to start with an investment of $15m to $18m but will inject $200m by 1997 and $600m to $1bn by 2000, initially to make the latest of its Racer range of 1500cc cars for the Indian market, said Mr Awasthi.

"Korea is now enjoying the price competitiveness which Japan enjoyed 15 years ago," he said.

Daewoo plans to start production by September 1995, and its first car is expected to roll off the assembly by the following December. "We are planning 25,000 cars in the first year and possibly 100,000 by the year 2000," said Mr Awasthi.

Toyota has brokered a revival package under which Daewoo will buy 51 per cent of the company, while Toyota's holding will be reduced to half of its current 17 per cent. India's DCM, whose current holding is 56 per cent, will hold at least 28 per cent, he said.

The equity base of the new company will be increased from Rs450m to more than Rs910m ($29m).

DCM and Daewoo are both optimistic about the prospects for India's car market, which *they expect to grow from* 220,000 to 330,000 cars per year at present to 600,000 by 2000.

Anglovaal pays more as profits rise 13%

By Mark Suzman in Johannesburg

South Africa's Anglovaal group, the mining and industrial conglomerate, has announced a 13 per cent rise in operating profit to R813.9m ($229.9m) for the year to June from R719.5m last time.

Turnover rose 17 per cent to R9.97bn from R8.51bn, while attributable earnings rose 17 per cent to R342.2m from R293.1m a year ago. The dividend was also raised 17 per cent to 123 cents from 105 cents.

Once again Anglovaal's industrial interests provided the greatest part of the group's earnings. At R241.2m, up from R203.1m last year, they contributed 71 per cent to the total.

The improved results were due largely to higher relative earnings from cement group Anglo-Alpha and electronics and construction arm Grinaker Holdings, as well as a satisfactory performance from food processor Irvin and Johnson.

Income from the group's direct mining interests in gold, copper and manganese benefited from the weaker rand and rose to R45.8m from R37.9m, with their share of total earnings static at 13 per cent.

The increase in mining earnings was also helped by higher royalties accruing to subsidiary group subsidiary Saturn Mining, Prospecting and Development from the Venetia diamond mine.

However, earnings from *indirect mining holdings, held* through Middle Witwatersrand, rose only slightly to R35.8m from R34.2m, and their overall contribution to group earnings dipped from 13 per cent to 12 per cent.

The group expressed optimism about the South African outlook for the coming year, citing the continuing international recovery and rising domestic fixed investment. It expected to increase earnings further over the current year.

ANZ plans buy-back deal for shareholders

By Nikki Tait in Sydney

Australia and New Zealand Banking group, one of the four big Australian banks, yesterday announced plans to offer a buy-back facility for the new ordinary shares which will result from the conversion of its A$600m (US$441m) convertible preference share (CPS) issue in July next year.

The move, which will require shareholder approval, will provide a "convenient facility for CPS holders", the bank said.

Mr John Gough, chairman, said it would have "a positive impact on earnings per share and improve the return on equity for ordinary shareholders".

The 6m CPS were issued in 1991 at A$100 each. Each will convert at a 10 per cent discount to the weighted average sale price of ANZ ordinary shares during the preceding five trading days. The buy-back price will be that used in the conversion calculation, guaranteeing holders the conversion discount and giving them A$111 for each CPS.

Nokia rides the worldwide airwaves boom

The Finnish company is taking on Japan, reports Christopher Brown-Humes

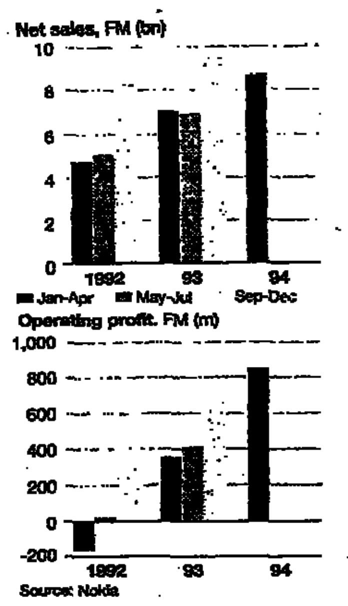
In August 1992, shortly after being appointed Nokia chief executive, Mr Jorma Ollila returned home from a management brainstorming session and wrote down the four phrases which he saw as the key to the company's future. They were "telecom-oriented", "global", "focus", and "value-added".

Two years on, nobody can accuse Mr Ollila of not sticking to his own brief. The 44-year-old former Citibank executive has focused the group very firmly on telecommunications, and Nokia has developed an increasingly global profile.

It is also difficult to argue with the results. As sales have soared, the group has surged back to profit. Even more spectacularly, the group's share price has risen more than 12-fold and, with a market capitalisation of more than FM40bn ($8.15bn), it accounts for almost 33 per cent of the value of the Helsinki stock exchange.

Its star position in the Finnish corporate landscape is highlighted by the cluster of mature slow-growth forestry and engineering industries surrounding it.

Is the success down to luck or judgment? Like a surf-rider catching a rolling wave, Nokia happens to have caught the mobile telecommunications boom at just the right time. As the world's second-biggest supplier of mobile phones after Motorola of the US, it has benefited from a surge in global handset sales from 3m in 1992 to 14m last year and to an estimated 25m in 1994. It is also



Jorma Ollila
Chief executive

the world's second-largest supplier of digital cellular equipment after Sweden's Ericsson.

When explaining the group's rebound, Mr Ollila says external market conditions and the group's focus on certain market segments have been as important as technical innovation.

"The two things which have helped us most have been the entry of new operators into the cellular market and the shift from analogue to digital," he says.

One measure of the group's success is that it has a near-20 per cent share of the world mobile phones market. This means it will supply around 5m phones in 1994, double last year's figure.

Another indication of its confidence is its early move into the Japanese market, where it is aiming to capture a 25 per cent share of the digital phone business by 1996.

Nokia became the first European manufacturer to enter the Japanese market earlier this year, and it claims to be offering the smallest and lightest handset on the market as well as the only one that carries both English and Japanese characters.

Indeed, Nokia's increase in world market share has been to a large extent at the expense of Japanese rather than western rivals. The group's 20 per cent share of the mobile phone market is now not far short of the 26 per cent held by all of Japan's mobile phone manufacturers together.

Telecommunications today accounts for more than 60 per cent of group sales, compared with as little as 14 per cent 10 years ago. This dominance is increasing all the time because the group's core telecom businesses are growing at 50 per cent a year, while growth in its other activities – consumer electronics, cable and machinery, tyres and power – is virtually flat.

The consumer electronics operations, in particular, have brought Nokia considerable pain in the last two years, culminating in a divisional loss of FM747m last year. Considerable restructuring, including the closure of the group's picture tubes operations, has helped to turn the business round and it is on course to return to the black in the final four months of the year.

Despite the prospect of low growth, it is likely that the consumer electronics operations will be retained, assisting the group's ambitions to build a presence in multimedia.

But even here, Mr Ollila does not over-stress the synergies between the telecom and consumer electronics side of the business, noting that it is an "interesting link but not a crucial one". As for the rest of the group's non-telecom activities, Mr Ollila says bluntly that he is prepared to devote no more than an hour of his attention a month to them. He emphasises that Nokia has no intention of investing heavily in any of its businesses which do not have a clear telecom link. They will either be sold or retained and run on a cash-flow basis.

Can the group's out-performance continue? Mr Ollila is optimistic about the short term, saying "our order book, our market position and our products vis-a-vis our competitors give us a tremendous confidence about the next 18 months".

He is comfortable with analysts' predictions suggesting earnings per share of FM30 this year against FM12.3 in 1993.

Further ahead, the worry is not just about competitors' technological innovation. The company fears that a spurt of undisciplined growth could make it more bureaucratic and less able to respond with speed and flexibility to market demands. "We must be able to manage our growth," says Mr Ollila.

He predicts that "the 1990s and early 21st century will be the era of the medium-sized company. It is the big companies which will be slower to move".

If this proves correct, one of his main tasks will be to ensure that Nokia itself does not become a sluggish juggernaut in the slow lane.

News Corp pins its colours to television's mast

News Corporation's investments in television will be a major source of growth for the global media group, Mr Rupert Murdoch, chief executive and chairman, said in the company's annual report, Reuter reports from Sydney.

"The investments we have made demonstrate our continued belief in the growth potential of television around the world," Mr Murdoch said. "We believe that the television industry, whether it be free to air, satellite or pay, will be a major area of growth for this company for the rest of the decade."

Mr Murdoch said News Corp was confident that its Asian satellite broadcaster, Star TV, would achieve greater market penetration in the next 18 months, reaching 90m homes from 42m at present. News Corp has a 64 per cent stake in Star TV.

News Corp also expects higher household penetration for its 50 per cent-owned UK satellite broadcasting company, BSkyB – in which Pearson, owner of the Financial Times, has a stake – aided in part by the continued growth in cable television.

News Corp said more than 700,000 cable households in the UK saw Sky, as did 2.5m homes with satellite dishes.

"With dish subscribers growing around 700,000 annually versus 250,000 for cable households, we believe that satellite will be the primary form of distribution in the medium term," Mr Murdoch said.

He said News Corp continued to invest in its base businesses in 1993-94 to keep them competitive. "While we have made significant investments throughout the corporation over the past 12 months, we have also simultaneously continued to strengthen our financial condition." Debt was reduced by A$1.8bn (US$1.33bn).

"We have continued to access the long-term public markets, providing us with long-term financing which more appropriately matches the long-term nature of our investments," he said.

Earlier this month News Corp announced record net profits of A$1.34bn for 1993-94.

INTERNATIONAL CAPITAL MARKETS

Heavy futures trade magnifies erratic price movements

By Conner Middelmann and Martin Brice in London and Frank McGurty in New York

Europe's government bond markets saw another day of erratic price action, with price swings magnified by heavy trading in the futures pits and low turnover in the cash market.

After a directionless morning, most markets closed higher on the day, lifted by stronger US Treasuries and rumours of much lower-than-expected preliminary inflation numbers in Germany's four largest states.

■ German government bonds rose sharply in the afternoon after the December bund futures breached important chart-technical resistance at 88.50, triggering a flurry of short-covering. In late trading, the contract was up 0.70 point at 88.82.

Rumours that the federal state of North Rhine-Westphalia would release favourable inflation numbers today also lifted bunds. While general market expectations have been for a year-on-year western German inflation rate of around 3.0 per cent for the month to mid-September, some traders yesterday were talking of a rate as low as 2.3 per cent.

GOVERNMENT BONDS

Bunds derived some relief from the publication of the Bundesbank's bond issuance calendar for the remainder of the year, which indicated the government plans to issue only two more long-dated bonds in the final quarter.

"There isn't that much long-dated supply left in the pipeline – the funding situation looks better than a lot of people have feared," said a London bund dealer.

■ UK gilt prices staged a late rally, rising nearly a point as the market digested a rumour that today's CBI monthly trends survey, not due to be published until after midnight, contained good news on inflation.

Gilts' increase was helped by a rise in bunds and on Liffe, the December long gilt future reached 99¼ in late trading, a rise of ⅞ points on the day. The yield spread over bunds was around 146 in late trading.

Mr John Shepperd of Yamaichi said traders believed the CBI survey, which is one of the factors taken into account by Mr Kenneth Clarke, the chancellor, and Mr Eddie George, governor of the Bank of England at their monthly monetary meetings, would show that the proportion of companies reporting higher prices had fallen.

■ After outperforming most of Europe this week, Italy's bond market lagged gains elsewhere amid growing worries that the budget package under discussion may not be finalised before its end-September deadline.

All eyes are on meetings between government and trade union leaders over the government's pension reform plans, and traders said the market would remain nervous until some hard facts emerge.

The Italian December bond future on Liffe fell 0.08 point to 98.32.

■ US Treasury bond traders took a measure of encouragement yesterday from comments by a former Federal Reserve policy-maker.

By midday, the benchmark 30-year government bond was 7/32 better at 96 21/32, with the yield slipping to 7.782 per cent. At the short end, the two-year note was unchanged at 99 25/32, to yield 6.491 per cent.

In the absence of any attention-grabbing economic data, the morning brought some subdued buying on the long end of the maturity range. There was no fundamental shift in the sentiment, which remained negative in view of recent evidence of accelerating inflation.

With yields on the 30-year issue at their highest level in two years, the market made a slight downward correction in long-term rates.

Speculation over the timing of the next increase in short-term interest rates continued to dominate activity.

A day earlier, comments by Mr Wayne Angell, a former Fed governor who serves as chief economist for Bear Stearns, had helped push bond prices lower. Mr Angell predicted the central bank would decide to lift short-term rates by an aggressive 50 basis points at next week's meeting of its policy-making arm.

However, yesterday's comments by Mr David Mullins, a former Fed vice-chairman, served to ease tensions over the rate outlook. The Washington Post quoted Mr Mullins as saying the economy would achieve equilibrium with a rate increase of just a quarter point.

Still, all the talk over policy kept up the pressure at the short end, which would feel the modest direct impact of any rate adjustment. The two-year issue held steady in the cross-current.

Congressional testimony by Mr Alan Greenspan provided to be a non-event for bonds. With traders listening for any hints about policy, the Fed chairman confined his remarks to banking issues.

The market ignored news that initial claims for unemployment benefit had fallen by 7,000 last week – anecdotal evidence that wage pressures were building in the labour market.

Kuwaiti public offering draws strong demand

By Richard Lapper

The first public offering of shares listed in Kuwait for over a decade was heavily oversubscribed yesterday. It provided a strong lift to the local capital market and the government's privatisation programme.

Investors from Kuwait and other Gulf Co-operation Council countries put in bids estimated to total £150m to buy 30m shares in Commercial Facilities Company, a consumer finance company which specialises in car loans.

Commercial Facilities shares were priced at KD0.70, an 11.4 per cent discount on their last closing price of KD0.79 on August 28 when the stock was suspended from trading on the Kuwait Stock Exchange in preparation for the sale.

Kuwait Investment Authority – a division of the ministry of finance – will reduce its stake to less than 37 per cent from 54 per cent, as a result of the deal which was managed by the National Bank of Kuwait.

After the Gulf war in 1991 Kuwait announced a programme to sell some of its stakes in about 60 domestic firms.

Sales of state electricity, water and communications sectors have been mooted. Commercial Facilities has assets of more than $420m, supported by shareholders' equity of $115m.

Abbey National delays launch of first global eurobond issue

By Graham Bowley

Volatile bond market conditions have forced the Abbey National Building Society to delay the proposed launch of its first global eurobond offering.

It had planned to launch a $1bn-$2bn global offering of bonds with a five to 10-year maturity in the last two weeks of October but it will wait until conditions improve, officials said yesterday.

"These are not the right conditions to launch an issue of this size, especially when it is your first global offering," said Mr Gareth Jones, the Abbey National's treasurer. "We are going to wait for a substantial improvement in market tone before we revive the offering."

However, he said this did not represent a threat to the building society's funding programme. Abbey National has raised a total of $8bn this year.

INTERNATIONAL BONDS

Mr Jones said: "Our borrowing is in pretty good shape and we do not need extra money. We have no plans to raise significantly more this year."

Abbey National is still seeking SEC registration to enable it to sell bonds into the US.

The volatile state of government bond markets last week forced the World Bank to delay its $1.5bn global offering of five-year bonds, which finally came to the market earlier this week.

Lebanon is likely to launch its long-awaited offering of three-year fixed rate eurobonds late next week, lead manager Merrill Lynch said yesterday.

Interest in the country's first eurobond offering, which will be at least $150m, has been significant, Merrill Lynch said. Demand has been seen from a broad range of investors, including emerging market funds, Swiss banks and Japanese investors, officials said.

In the Ecu sector, the European Investment Bank launched a Ecu300m offering of five-year bonds priced to yield two basis points above French government bonds.

At least half of the bonds were sold to institutional investors, with a strong UK bias, lead manager Swiss Bank Corporation said.

The pricing spread widened to six basis points when the bonds were freed to trade. However, the relative scarcity of such an issue and the attraction of the current coupon of 8¼ per cent means that the bonds will soon trade below French government bonds, the lead manager said.

The offering marks the EIB's return to the Ecu sector for the first time since March 1993, and the first time it has tapped the five-year area since 1989.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Toyota Motor Credit Corp.	300	6.75	99.85R	Oct.1996	0.125R	+12(WI 2yr)	CS First Boston
Republic of Trinidad & Tobago	150	11.75#	99.734R	Oct.2004	1.00R	+425(7¼%-04)	Citibank International
Nordbanken(a)‡	100	(a1)	99.58R	Oct.2004	0.25R	-	Chemical Investment Bank
Banco de Credito Argentino(f)	65	(b)#	(b)R	Sep.1995	(b)R	+275(T-bill)	Merrill Lynch International
ECUS							
European Investment Bank(c)	300	8.25	99.36R	Oct.1999	0.25R	+2(5%-99)	Swiss Bank Corp.
AUSTRALIAN DOLLARS							
Commerzbank O'seas Finance	125	10.00	101.90	Nov.1999	2.00	-	Hambros Bank
ESCUDOS							
Banco Santander(d)‡	15bn	(d1)	100.00	Oct.2004	undiscl.	-	BSN Portugal
SWISS FRANCS							
World Bank	200	5.50	102.30	Oct.1999	1.75	-	UBS
Merck & Co.	200	5.375	102.30	Nov.1997	1.50	-	Credit Suisse
LUXEMBOURG FRANCS							
BMW Finance	3bn	8.25	102.35	Nov.2000	1.875	-	BGL

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Callable in Oct.99 at par. a1) 3-mth Libor +45bp to Oct.99 and +195bp thereafter. b) Priced today. c) Spread relates to French Govt Ecu BTAN's. d) Callable annually after 5 yrs at par. d1) 6-mth Lisbor +15bp. f) Long 1st coupon.

Moody's lowers debt rating of IBJ to A1

By Emiko Terazono in Tokyo

Moody's Investors Service, the US credit ratings agency, yesterday lowered the long-term debt rating of Industrial Bank of Japan, a leading Japanese long-term credit bank, to A1 from Aa3.

The agency said the bank faced continued weak profitability due to larger-than-expected asset quality problems and the bank's weak retail base.

Moody's said it expected the bank's profit margins to remain low, constraining its ability to solve its bad loan problems.

IBJ is regarded as one of Japan's leading wholesale banks, and retains a strong influence on companies. Moody's decision is likely to hurt an already weakening investor confidence toward Japanese banks, which have been severely hit by mounting bad loans.

Moody's said although the bank held large unrealised gains on securities holdings, which could be used to offset the low profit margins, the volatile Japanese stock and bond markets could hamper attempts to realise profits on its portfolio.

However, the agency added that IBJ still held a wide range of clientele, and would benefit from deregulation in the financial sector, which would allow banks to move further into the securities business.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.1600	-	10.10	10.10	9.31
Belgium		7.250	04/04	91.1500	-0.030	8.63	8.59	8.40
Canada *		6.500	06/04	83.8500	-0.100	9.04	8.77	8.70
Denmark		7.000	12/04	85.9000	+0.150	9.18	9.13	8.88
France	BTAN	8.000	05/98	101.3750	+0.120	7.56	7.48	7.22
	OAT	5.500	04/04	82.7000	+0.300	8.17	8.03	7.81
Germany Bund		6.750	07/04	94.0400	+0.530	7.63	7.50	7.24
Italy		8.500	08/04	81.4800	-0.180	11.71†	11.88	11.62
Japan	No 119	4.600	06/99	103.7260	-	3.87	3.90	3.97
		4.100	12/03	97.3890	-	4.50	4.54	4.66
Netherlands		5.750	01/04	87.9800	+0.260	7.59	7.44	7.29
Spain		8.000	05/04	81.2500	+0.400	11.26	11.18	10.98
UK Gilts		6.000	08/99	89-07	+13/32	8.75	8.56	8.38
		6.750	11/04	85-22	+24/32	8.91	8.76	8.53
		9.000	10/08	100-30	+24/32	8.88	8.74	8.55
US Treasury *		7.250	08/04	97-29	-	7.55	7.36	7.22
		7.500	11/24	96-23	+16/32	7.78	7.65	7.47
ECU (French Govt)		6.000	04/04	82.2000	-0.070	8.82	8.64	8.39

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime. Treasury Bills and Bond Yields

		One month	4.63	Two year	6.49
Prime rate	7¾	Two month	4.75	Three year	6.79
Broker loan rate	6½	Three month	4.92	Five year	7.19
Fed.funds	4⅝	Six month	5.42	10-year	7.55
Fed.funds at intervention	-	One year	5.90	30-year	7.79

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	110.16	110.10	-0.04	110.30	109.98	117,343	133,470
Mar	109.44	109.38	-0.04	109.44	109.40	3	7,160
Jun	108.74	108.68	-0.04	108.74	108.74	2	350

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Oct	Calls Dec	Calls Mar	Puts Oct	Puts Dec	Puts Mar
110	0.59	1.80	-	0.48	1.56	2.55
111	0.18	1.20	1.50	1.09	2.07	-
112	0.05	-	-	-	2.63	-
113	0.03	0.45	-	-	-	-
114	-	0.27	-	-	4.12	-

Est. vol. total, Calls 16,293 Puts 51,110. Previous day's open int., Calls 230,049 Puts 332,382.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	88.19	88.85	+0.53	88.93	88.05	122533	145126
Mar	87.40	87.95	+0.61	87.62	87.40	57	1293

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
8850	0.30	1.00	1.30	1.45	0.15	0.85	1.15	2.00
8900	0.08	0.74	1.02	1.22	0.43	1.09	1.37	2.27
8950	0.02	0.53	0.80	1.02	0.87	1.38	1.65	2.57

Est. vol. total, Calls 30426 Puts 14217. Previous day's open int., Calls 218199 Puts 207339

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.46	98.36	-0.04	98.64	97.82	40582	61823
Mar	-	97.76	-0.04	-	-	0	660

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
9800	2.28	3.14	1.92	3.38
9850	1.99	2.91	2.13	3.65
9900	1.73	2.69	2.37	3.93

Est. vol. total, Calls 562 Puts 468. Previous day's open int., Calls 11716 Puts 16743

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	85.25	85.55	+0.37	85.60	85.08	32,496	68,561

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	99-04	99-22	+0-24	99-08	99-04	45	18408
Dec	98-09	98-30	+0-26	99-05	98-05	58807	95541
Mar	-	98-10	+0-26	-	-	0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
98	2-30	3-04	1-34	2-48
99	1-57	2-38	1-61	3-18
100	1-28	2-11	2-30	3-55

Est. vol. total, Calls 3111 Puts 690. Previous day's open int., Calls 45829 Puts 32603

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	79.00	78.92	-	79.16	78.84	943	7,735

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	99-02	99-12	+0-07	99-15	99-01	464,972	392,493
Mar	98-12	98-21	+0-05	98-24	98-12	6,169	10,545
Jun	98-00	97-31	+0-04	98-00	97-31	70	773

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	108.45	-	-	108.50	108.44	783	0
Mar	107.66	-	-	107.66	107.66	25	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Sep 22	Day's change %	Wed Sep 21	Accrued interest	xd adj. ytd		Low coupon yield Sep 22	Sep 21	Yr. ago	Medium coupon yield Sep 22	Sep 21	Yr. ago	High coupon yield Sep 22	Sep 21	Yr. ago
1 Up to 5 years (24)	119.07	+0.18	118.85	1.87	8.13	5 yrs	8.88	8.95	6.39	8.90	9.00	6.60	9.08	9.15	6.60
2 5-15 years (21)	136.41	+0.66	135.51	1.65	9.88	15 yrs	8.76	8.87	7.18	8.93	9.03	7.34	9.14	9.24	7.57
3 Over 15 years (9)	151.83	+0.82	150.60	1.61	9.81	20 yrs	8.69	8.77	7.30	8.93	9.03	7.39	8.99	9.08	7.59
4 Irredeemables (6)	174.23	+0.84	172.77	3.10	8.83	Irred.†	8.73	8.81	7.45						
5 All stocks (60)	134.41	+0.53	133.71	1.78	9.32										

Index-linked							Inflation 5% Sep 22	Sep 21	Yr. ago	Inflation 10% Sep 22	Sep 21	Yr. ago
6 Up to 5 years (2)	184.15	+0.09	183.99	-0.15	5.07	Up to 5 yrs	4.06	4.09	2.53	2.90	2.93	1.75
7 Over 5 years (11)	170.50	+0.30	170.00	0.67	3.95	Over 5 yrs	3.95	3.97	3.22	3.75	3.77	3.04
8 All stocks (13)	171.04	+0.28	170.57	0.58	4.04							

Debentures and Loans						5 year yield Sep 22	Sep 21	Yr. ago	15 year yield Sep 22	Sep 21	Yr. ago	25 year yield Sep 22	Sep 21	Yr. ago
9 Debs & Loans (76)	125.50	+0.78	124.52	2.57	7.88	9.93	10.02	7.92	9.86	9.95	8.24	9.79	9.88	8.37

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Sep 22	Sep 21	Sep 20	Sep 19	Sep 16	Yr ago	High*	Low*
Govt. Secs. (UK)	90.08	89.71	89.54	90.22	89.99	101.50	107.04	89.54
Fixed Interest	106.67	106.50	106.73	106.85	107.30	122.45	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Sep 21	Sep 20	Sep 19	Sep 16	Sep 15
Gilt Edged bargains	91.8	137.9	103.2	108.7	80.4
5-day average	104.4	102.8	97.5	94.4	95.1

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or –	1994 High	1994 Low
Shorts" (Lives up to Five Years)							
Treas 9pc 1994‡‡		8.96	5.44	100½		103⅝	100½
[illegible]							

	Notes	Yield Int	Yield Red	Price £	+ or –	1994 High	1994 Low
Treas 11½pc 2001-4		10.42	9.31	110⅜	+⅞	129⅞	109⅜
Funding 3½pc 1999-4		4.98	7.85	70⅛	+¼	86⅞	69¼
[illegible]							

Index-Linked	Notes	(1)	(2)	Price £	+ or –	1994 High	1994 Low
[illegible]							

Other Fixed Interest

	Notes	Yield Int	Yield Red	Price £	+ or –	1994 High	1994 Low
[illegible]							

■ 'Tap' stock. ‡‡ Tax free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on September 22

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	90	90¼	+⅛	8.15
Alberta Province 7⅝ 98	1000	100⅝	101		7.43
Austria 8½ 00	400	103⅝	104	-⅛	7.63
[illegible]					
United Kingdom 7¼ 97	5500	100½	100⅝	-⅛	6.93
Volkswagen Intl Fin 7 03	1000	93⅛	93⅜	-⅛	8.12
World Bank 0 15	2000	19⅜	19⅝	+⅛	8.03
World Bank 5⅞ 03	3000	87¼	87⅜	-½	7.88
[illegible]					
Abbey Natl Treasury 8 03 £	1000	89⅝	89⅞	+⅛	9.84
Alliance Leics 11⅜ 97 £	100	105¼	105⅝		8.98
British Land 8⅞ 23 £	150	86¼	86¾	+¼	10.65
Denmark 6¾ 98 £	800	92½	92¾	+¼	9.10
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡ three-month †above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

COMPANY NEWS: UK

New supermarkets help Morrison advance 24%

By Neil Buckley

Wm Morrison Supermarkets, the regional superstore group, shrugged off intense price competition in the grocery market and beat expectations with a 24 per cent increase in interim pre-tax profits from £38.2m to £47.4m.

The improvement was driven by a 15.2 per cent increase in takings, in spite of what Mr Ken Morrison, chairman, called the "growing tendency for the consumer to seek improved value and lower prices in all purchases", and deflation in many product areas.

Like-for-like sales, which exclude new store openings, increased 4.4 per cent, although the rate of increase had slowed in the second half.

"Trading at the moment remains keenly competitive with ever present pressure on profit margins," Mr Morrison said.

He added that sales had been boosted by the legalisation of Sunday opening, but "the profitability of this development has not yet been confirmed".

Five new stores opened during the first half, with a further two so far in the second half, and one more opening due this year. Morrison is planning to open 10 stores next year, and has begun a refurbishment programme of older stores.

It has secured a £150m revolving credit facility to finance future expansion plans.

Total turnover in the half year to July 31 increased 15.4 per cent from £746.5m to £861.8m. The increase in sales was backed by an improvement in gross margins through better buying, and a fall in wage costs. That enabled the group to report a 24 per cent increase in operating profit, from £39.1m to £48.5m, representing an increase in operating margin from 5.2 per cent to 5.6 per cent.

Interest receivable was higher than expected at £1.3m (£1m).

The interim dividend is 0.24p, a 20 per cent increase on last year's 0.2p, with earnings per share increasing 19.8 per cent from 3.38p to 4.05p.

● COMMENT

It is tempting to ask how Morrison does it. In what the chairman describes as "undoubtedly a buyer's market" it has increased its gross margin 0.4 points, reduced costs, and achieved a 15 per cent sales increase. Like-for-like sales growth has slowed in the second half, but new store openings are likely to keep total sales growth healthy, and the gross margin is expected to be held or improve slightly. With full-year forecasts upgraded yesterday to about £117m, the shares are on a prospective multiple of 14.4, almost on the market rating. Some might think earnings prospects could justify a small premium to the market.

Graystone turns in £4.13m

By Peter Pearse

Graystone, the engineering company, reported pre-tax profits of £4.13m on turnover of £36.2m for the first half. In the comparative period, the group was known as Ptarmigan Holdings and was a mini-conglomerate with interests which included flowers, hotels and sausage skins. Profits then were £200,000 pre-tax on turnover of £9.9m.

Mr Dick Richardson, the chairman and chief executive who has overseen the metamorphosis – in operation, management and financial control – since his arrival in June 1992, said the results were the first with all the acquisitions in place.

These included three engineering companies from Prospect Industries – which Mr Richardson originally floated out of Tace – Cableform and British Syphon Industries.

He said that there were still non-core activities – two hotels and a publishing business – within Graystone, but that there were profitable and accounted for less than 2 per cent of group turnover. They would be sold when the right price was offered, he said.

Borrowings of £4.1m at December 31 had been reduced to £1.2m at June 30 through the sale of non-core businesses.

Mr Richardson expected that, thanks to the cash generative nature of the equipment and electrical distribution divisions, the group would be cash positive by the end of the year.

The acquisitions contributed operating profits of £2.14m on turnover of £17.3m, while continuing operations made £1.98m (£714,000) on turnover of £16.9m (£8.98m).

Exports were "miniscule a year ago": now direct exports accounted for 12 to 14 per cent of turnover and indirect exports for about 25 per cent.

Earnings per share were 1.45p (0.57p) and a final dividend of 0.14p is recommended for a total of 0.24p (nil).

CLS makes £8.37m at six months

By Simon London, Property Correspondent

CLS Holdings, the property investment company majority-owned by Sweden's Mortstedt family, yesterday reported pre-tax profits of £8.37m in the first half of 1994, compared with a loss of £1.49m last time.

Excluding exceptional items, though, the company's first set of figures since making its stock exchange debut in May showed a profit before tax from continuing operations of £1.95m, against £575,000 before.

After adjusting for transactions completed since flotation, net assets per share were 129p.

The first interim dividend is 0.4p, although the Mortstedt family, who own 53 per cent of the shares, have agreed to take a scrip alternative.

Irish Permanent plans October flotation

By Alison Smith

Irish Permanent, Ireland's largest building society before it converted to plc status, is coming to the market late next month.

The company is planning to raise I£50m (£49.4m) capital and is expected to be capitalised at I£182.9m. Just under half the shares are being made available to people who were members of Irish Permanent when it was a mutual organisation, while the remainder have been placed with institutions in Dublin and London.

Mr Roy Douglas, chief executive, has made it clear that the society's decision to become a public company was based primarily on the desire to be able to raise equity capital, in order to compete more effectively with banks.

He has emphasised, however, that Irish Permanent would not actively be seeking acquisitions after conversion. Instead it would be looking for a period of consolidation, after its recent purchases of Prudential Life of Ireland, the life insurance company, and Guinness & Mahon, where the main activity is private banking.

Its strategy is to continue to expand its retail financial services business, broadening its range of services and making more use of its extensive branch network.

With some 79,000 mortgage accounts and 590,000 savings accounts, Irish Permanent has a strong position in the Irish retail financial market, but its cost/income ratio is the highest in the industry in Ireland.

Some 30.8m shares are being offered at 180p each. A forecast final dividend for the year to December is 6p, giving an annualised gross dividend at the offer price of 6.67 per cent.

Express not joining national price wars

By Raymond Snoddy

Lord Stevens, chairman of United Newspapers yesterday undertook to keep the Daily Express out of the national newspaper price wars.

As he announced a 36 per cent rise in pre-tax profits to £69.9m for the six months to June, against £51.3m, Lord Stevens said: "Our policy is to maintain cover prices and enhance the value of our titles to readers."

Associated Newspapers, publishers of the Daily Mail, is also extremely reluctant to cut prices. This means that it is likely the national newspapers middle market will continue to avoid the uncertainty now facing both national broadsheets and the popular tabloids.

United's profits benefited by about £6m from acquisitions such as Hong Kong International Trade Fair and Harmon Homes, the US real estate magazines. There was also a saving of almost £6.5m in reduced interest charges of £2.95m following last year's rights issue.

Operating profit increased by 17 per cent from £61.7m to £72.1m with growth in all business areas apart from national newspapers. Overall operating margins rose from 13.8 per cent to 14.2 per cent. On a like-for-like basis, excluding the effect of acquisitions, operating profit increased by 6.5 per cent.

Lord Stevens warned yesterday that the recovery was still uneven and that the first quarter's rapid growth in revenues had steadied to a more measured pace. "Consumer purchasing remains uncertain and we still await a sustained increase in advertising volume."

Turnover rose from £447.6m to £508.1m. The pre-tax figure included exceptional profits of £390,000, against charges of £1.27m. Earnings per share were 19.1p (16.4p). The interim dividend has been increased by 3.3 per cent from 7.5p to 7.75p.

The national newspaper titles – the Daily Express, Daily Star and Sunday Express – had a turnover similar to last year with a 6 per cent increase in advertising revenues counteracting lower circulation revenues.

All three titles lost circulation with the Daily Express down 9 per cent, although United said it had now steadied at 1.34m and started to rise in September, and the Daily Star down 3 per cent.

United is at the moment looking at possible exhibition and business magazine acquisitions in the US and the east Asia.

Mr Derek Terrington, media analyst at stockbrokers Kleinwort Benson said the profits were £4m higher than expectations but be was sticking with his full year forecast of £139m, compared with £118m.

The shares moved from 498p to 500p on the day.

Unquantified charges dash investors' hopes of increased dividend

Laura Ashley plans restructuring

By Peggy Hollinger

Laura Ashley, the clothing and furnishings retailer, yesterday dashed hopes of an increased dividend with its second profits warning in a year.

The group said unquantified restructuring charges expected in the second half would hit full-year profits. This meant it would be unlikely to pay anything more than a nominal dividend this year, similar to the payment of 0.1p in 1993.

The scale of charges would be determined by an extensive costs review, expected to be completed in January.

The warning accompanied the announcement of interim pre-tax profits up from £1.3m to £5.1m, after net gains of £2.2m covering disposals and exceptional charges.

Gross profit rose 3 per cent to £80.1m (£77.4m), on sales also of £148m (£144m).

Shareholders, who have remained loyal through several years of restructuring, are likely to be sharply disappointed with the company's comments. Earlier this year, hopes were raised of at least a marginal increase in the payout after the final results.

"Investors have been holding out for a while now in the hope that these results would show they had managed to turn round the US and get to grips with stock problems," said one analyst. "None of these things has occurred."

The company also announced that it would not look for a chief executive until the cost review had been completed. A new management team had been put in place following the departure of Mr Jim Maxmin, as chief executive, and Mr Andy Higginson, as finance director.

Mr Geoff Haslehurst, commercial director, has become finance director and Mr Graham Searle, former managing director of Dunhill, is to continue as managing director for the time being.

Mr Haslehurst admitted that the prospects of further restructuring had been disappointing to the group and shareholders alike. However, costs were too high.

Laura Ashley would also have to tackle further stock problems, although these were not expected to have a substantial adverse impact.

The retail business returned flat sales in the first half on a like for like basis, hit by difficulties in the garment business. These had been addressed and current sales were up by 5 per cent on a like for like basis in the UK, 13 per cent in North America and were flat in Europe.

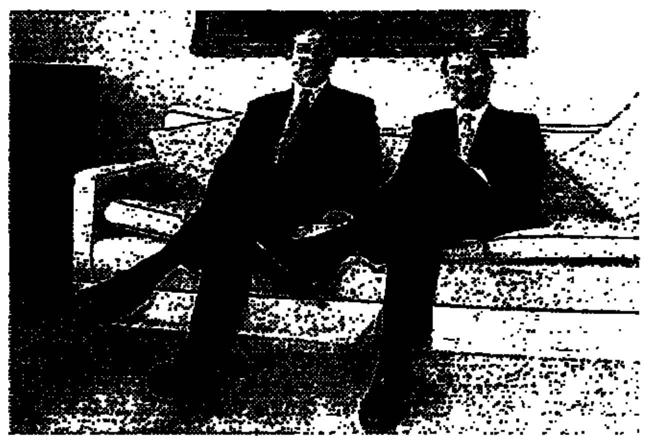
There is no interim dividend. Earnings were 1.21p (0.22p).

● COMMENT

Just when shareholders thought they had truly earned a respite from the bad news at Laura Ashley, the group comes up with this. Based on its own calculations of what returns should be, the second-half charges could be as much as £20m-plus. Even more worrying is the thought that it will not look for a chief executive in the short-term. If anything, Laura Ashley needs a strong figure to balance what appears to be resurgent family interests. However, it tried that once without success. Excluding the uncertain charges, forecasts have been pulled back from £10m to £7.5m. this is not one for the faint-hearted.

ED&F Man offer price cut to 180p

By David Wighton



Stanley Fink (left), group finance director, with Harvey McGrath, group managing director: flotation price cut

The flotation price for shares in ED&F Man has been cut by more than 15 per cent from the level indicated three weeks ago, since when the market has fallen by about 6 per cent.

The offer price of 180p announced yesterday gives a notional yield of 6 per cent and a multiple of actual historic earnings of 9.5. It values the commodity trader and financial services group at £462.6m.

The prospectus warns that a disappointing investment performance from the group's fund management arm will lead to a "substantially reduced contribution" from the division this year. In the year to March 31 1994 it made £25.5m out of a group £67m.

Analysts believe fund management profits may fall by up to 50 per cent but that strong growth from agricultural products and futures broking side will more than make up the shortfall. Group earnings per share are expected to increase by around 10 per cent.

Though very low by the standards of recent new issues Man's share rating is in line with that of Exco, the money broker, for its successful flotation in June. Both companies operate in markets with a history of corporate upsets and had to work hard to explain their businesses to institutions.

"In the end Man had a good response from institutions but some thought it was just too much effort to get to know it," said one of the company's advisers.

A total of £110m of shares are being sold, of which £27.5m are the subject of a public offer, with the remainder placed with investors at the offer price. The offer is sponsored by Schroders with brokers James Capel.

The company is currently owned by 100 of its top managers. Board members are selling less than 8 per cent of their holding and have undertaken not to dispose of any more before the announcement of next year's interim figures.

See Lex

Acquisitions help lift Headlam to £2.15m

By Richard Wolffe

Headlam, the fabric and floorcoverings distributor, almost doubled pre-tax profits for the six months to June 30, after contributions from two recent acquisitions.

On turnover up 46 per cent to £62.7m (£42.9m) pre-tax profits rose from £1.13m to £2.15m.

However, the core floorcovering division experienced what was referred to as "turbulent demand", with a poor second quarter reflecting the depressed UK housing market.

Floorcovering sales increased by 26 per cent to £36.7m, but the return on sales stood at 2.9 per cent, compared to 8.5 per cent for its newly-created soft furnishings division.

Mr Ian Kirkham, chief executive, said the group expected sustained progress in the second half, which includes the high demand traditionally experienced in the autumn.

In May, the company launched its second rights issue within a year to help finance two purchases worth £2.98m. Gordon John Textiles distributes curtain lining and Wiltrex Readymades readymade curtain. They contributed to sales of £11.3m by the soft furnishings operations.

The following month, Headlam spent £550,000 to acquire William O'Hanlon, the window furnishings distributor, which is expected to make a modest contribution to this year's results.

Interest charges for the half-year rose from £249,000 to £455,000.

Earnings per share rose by 1p 3.8p and the interim dividend was up from 0.85p to 1p.

The shares closed down 11p at 200p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Alumasc	fin	4.45	-	4.025☆	6.5	5.875☆
CLS	int	0.4	Nov 24	-	-	-
Dagenham Motors	int	2†	Nov 18	1.75	-	6.25
Eadie	int	0.3	Dec 1	0.3	-	1
Edmond Holdings	int	0.15	Dec 2	0.15	-	0.3
Fact (EW)	int	1.94†	Nov 14	1.76	-	4.74
Geest	int	3.7	Dec 30	3.7	8.1	8.1
Graystone	fin	0.14	Dec 14	nil	0.24	nil
Green (Ernest) §	fin	3.25	Dec 7	4.25	6	7
Guinness	int	3.9	Nov 10	3.62	-	12.8
Hampden §	int	0.2	Nov 25	nil	-	nil
Headlam	int	1†	Nov 11	0.85	-	3.2
Highcroft Inv	int	2	Nov 3	1.9	-	5.2
Ind Control Serv	fin	3.5	Oct 28	3.07	5	4.4
Jerome (S)	int	0.5	Nov 9	0.2	-	0.5
Jeyes	int	3.3	Dec 30	3.3	-	8.1
Lloyd Thompson	fin	5.4†	Nov 18	4.7	7.8	6.7
McAlpine (A)	int	3†	Nov 30	3	-	6.5
McDonnell Inf	int	2.3	Oct 28	-	-	-
More O'Ferrall	int	3.2	Nov 11	3.2	-	13.2
Morrison (Wm)	int	0.24	Nov 7	0.2	-	1
Murray Ventures	fin	8	Nov 30	7.5	11.5	10.9
Pantheon Intnl	fin	0.5	Dec 1	0.5	0.5	0.5
PizzaExpress	fin	1	Nov 18	-	2	-
Premium Trust	fin	1.75	Aug 31	-	2	-
Ricardo	fin	4†	Nov 30	3.8	6	5.7
RMC	int	7	Dec 1	6.6	-	21
Spandex	int	0.75	Jan 12	0.7*	-	2.33*
Towry Law	fin	3	Nov 17	-	4.5	-
TT	int	3.2	Oct 26	2.6	-	6.6
United News	int	7.75	Dec 2	7.5	-	22

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆ Adjusted for sub-division. *Adjusted for scrip issue.

COMPANY NEWS: UK

Shares fall as damage to banana production takes toll

Geest warns of second half loss

By David Blackwell

The aftermath of the tropical storm that severely damaged banana production in the Windward Islands will push Geest, the fresh and chilled food group, into the red in the second half.

Shares fell 30p to 190p yesterday following the warning from Mr David Sugden, chief executive, who presented a strong set of interim results. Pre-tax profits rose from £3m to £17.9m for the six months to July 2 on turnover ahead at £353.8m (£332.7m).

"The business has been performing well, but is overshadowed by considerable uncertainty," said Mr Sugden, referring to the European Commission's laxity in responding to the company's plea for permission to purchase replacement bananas in Latin America.

The EC banana management committee failed to agree on Wednesday on measures that would allow Geest to purchase alternative bananas from Latin America under the EC quota system. The committee does not meet again until October 5.

Tropical Storm Debbie hit the Windward Islands earlier this month, causing extensive flooding around St Lucia and damage to roads and bridges. Geest, which is under contract to ship all the islands' bananas, estimates that output will be 40 per cent down.

Last week the first ship to arrive since the storm was half full. The company is expecting to load only 2,400 tonnes a week, compared with a normal load of 4,000 tonnes.

The first half, however, showed the company recovering from the uncertainties surrounding the EC banana regime, introduced last July, as well as an attack of disease on its Costa Rican plantations, which left it £5.4m in the red at the end of last year. Operating profits in the fresh produce division improved from £2m to £15m on sales of £285.6m (£276.5m).

The food preparation division, which supplies chilled salads and other products, lifted operating profits from £3.3m to £4.2m on sales of £66.6m (£54.4m).

The result this time included an exceptional gain of £2.5m from a disposal. Net interest payable rose from £500,000 to £3.2m.

Earnings per share were 18.9p (2.7p). The interim dividend is unchanged at 3.7p.

● COMMENT

While the problems of disease in Costa Rica appear to have gone away, Geest's troubles with the European Commission and the banana regime are not over yet, thanks to Tropical Storm Debbie. In spite of its successful efforts to boost its food preparation division, the group remains vulnerable to the banana industry, which is highly political and subject to natural disaster. It has also only two main areas of supply, leaving it looking inflexible beside companies that source more widely. Adding to its problems is gearing of more than 100 per cent. Best guesses at this year's final outcome seem to be around £9m of profits – better than last year but a far cry from 1991's £26.2m.

See Commodities

Alumasc rises 18% and makes £7m buy

By Paul Cheeseright, Midlands Correspondent

Alumasc Group, the Kettering-based company, capped a year of 18 per cent profits growth with the acquisition of Pendock Profiles for a maximum of £7m.

Pre-tax profits for this company with interests in building products, beer kegs and precision components were £8.89m (£7.55m) for the year to June 30. Turnover rose 21 per cent to £54.5m (£44.9m) with MR Holdings, acquired in September 1993, contributing £6.1m.

A final dividend of 4.45p is proposed making a total of 6.5p (5.875p) paid from earnings per share of 19p (16.9p).

Alumasc is paying an initial £4m in cash for Pendock, a casing and trunking systems maker. There is a further profit-related payment to a maximum of £3m in loan notes.

During the year to last December, Pendock, a privately owned company formed in 1986, made operating profits of £600,000 on sales of £3.4m. Net assets at December 31 were £230,000. Based in Telford, Shropshire, it employs 34 people.

Alumasc's operating profits rose to £8.66m (£7.28m) including £1.17m from MR. The sharpest rise came from the building products side to £4.6m from £3.1m, on the back of increased activity in the construction industry. Alumasc managed to hold its margins firm helped by bringing on stream new products.

Precision components profits were held back by investment in new plant and equipment, the benefits of which should be seen this year. Profits from the traditional beer keg business rose 3 per cent.

At the end of the financial year, net cash balances of £7.6m and shareholders' funds of £23.3m, a rise of 8.4 per cent over the year.

Mr John McCall, chairman, said: "Alumasc will now benefit from any growth in the UK economy" but warned of "the challenge of handling rising raw material costs".

Improved AB Electron behind TT's 58% rise

By David Wighton

Profits at TT Group jumped by 58 per cent from £9.42m to £14.9m in the six months to July 2, reflecting the continued turnround at AB Electronics, acquired for £38.6m, including debt, in January 1993.

Earnings per share rose by 31 per cent to 10.2p (7.8p) and the dividend is up 23 per cent at 3.2p (2.6p).

The main improvement came from the electronics and industrial division, which includes AB and Magnetic Materials, acquired in August 1992. Profits jumped from £7.17m to £10.8m. On increased sales of £169m (£149m) margins improved from 4.8 per cent to 6.3 per cent.

Mr John Newman, joint chief executive, said he expected further improvements in margins, though AB has some long-term contracts at low margins and a large board assembly business.

AB's automotive business was back in profit and had won climate control contracts with Saab and Opel.

Mr Newman said there were significant opportunities for AB in export markets. A new sales office was opened in Singapore at the beginning of the year to boost sales in east Asia.

The resistor business, which joined the group with Crystalate, the electronic components company acquired in 1990, is doing very well in North America, but France remains weak.

The division was expanded last month via the £16m acquisition of Dale Electric.

TT said the improvement in its companies reflected the benefits of capital expenditure against a background of "some hesitancy in the improvement of world economies."

Profits from packaging and building services edged ahead to £4.22m (£4.2m) and £406,000 (£381,000) respectively.

Group operating profit rose to £15.4m (£11.8m), while the interest bill dropped to £461,000 (£2.33m) following last year's £51.4m rights issue.

TT still has net cash of nearly £4m after the Dale deal and Mr Newman said there were a large number of acquisition opportunities with prices "much better" than earlier in the year. "But we will get Dale bedded down before we do our next major acquisition."

The shares rose 5p to 377p.

A one for two capitalisation issue is proposed.

Towry Law advances to £2.82m

By Bethan Hutton

Towry Law, the independent financial advice chain which floated last November, reported pre-tax profits up 16 per cent from £2.43m to £2.82m, after listing costs of £237,000.

Mr Cecil Law, chairman, said: "this has not been an easy year. Both our UK financial planning and general insurance broking divisions are operating in what are currently difficult markets, created by such factors as an unsettled investment climate and rate softening in general insurance."

The company has plans for a "major cost management programme", which will hit profitability in the first half of the year, and could involve some job losses. It also plans to invest more in information technology, training and compliance.

However, Mr Law said encouraging signs for the company included a 13 per cent increase in new business, a 16 per cent rise to £6.2m for renewal income and fees, and 34 per cent growth in income from international financial planning.

Mr Alan Wesley, chief executive, said that although Towry Law did not expect to have to pay any compensation as a result of the SIB enquiry into pension transfers, it had made a "substantial provision" for the extra cost of temporary staff who might be needed to re-examine old files to comply with SIB rulings.

Trading profits rose 26 per cent to £3.06m. Earnings per share grew 14 per cent to 11.6p (10.2p). A final dividend of 3p (1.8p) makes a total of 4.5p (3.6p) – a 25 per cent gain.

Jeyes falls £1.3m into red and chief executive replaced

By Peggy Hollinger

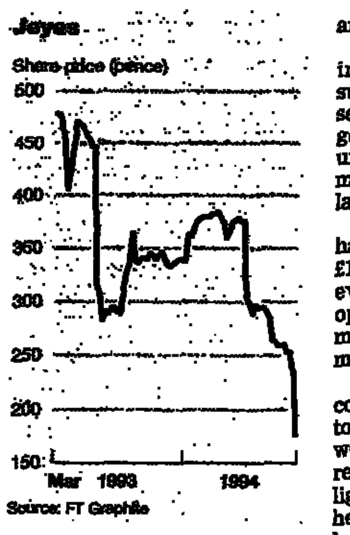
Shares in Jeyes Group plunged to their lowest levels in almost six years, as the cleaning products company fell into the red for the first half and announced the resignation of the chief executive who led the £5m buy-out from Cadbury Schweppes in 1986.

Mr Jimmy Moir, the Scottish entrepreneur credited with turning round Jeyes after the buy-out, is to be replaced by Mr David Callear, former deputy chief executive and finance director. Mr Moir will remain deputy chairman.

Mr Callear was brought in to Jeyes after the May profits warning which took 11 per cent of the group's share price.

Yesterday, the market knocked a further 25 per cent off the shares which closed at xxx. This is the lowest since January 1989, and compares with a high over the last 18 months of 471p.

Mr Callear said the first half results had been disappointing. Jeyes announced pre-tax losses of £1.27m, against profits of £374,000, after exceptional charges of £1.7m for marketing expenses and stock. Sales were 2 per cent higher at £59m for the 28 weeks to July 16.



He warned that the long-awaited recovery was still some way away. "Trading remains difficult," he said. "We are still under pressure."

Jeyes has suffered from intense competition from supermarkets and discounters selling cheaper own label and generic products. The group undertook a restructuring 18 months ago, which was now largely complete.

In the first half, the group had realised savings of about £1.75m, Mr Callear said. However, increasing costs of operations such as logistics meant savings for the full year might not be much greater.

Mr Callear said Jeyes was confident that in spite of the tough trading environment it would be able to make progress. "We are able to see the light at the end of the tunnel," he said. "There might have been a time when it was difficult to locate the tunnel."

Margins, which fell by about 2.5 percentage points in the first half, had begun to stabilise, but at lower levels.

The interim dividend was held at 3.3p. Losses per share were 4.3p against earnings of 1.2p last time.

Multipart turns in £1.5m in maiden results since rescue

By Kevin Done, Motor Industry Correspondent

Multipart, the UK vehicle parts distribution company rescued from the collapse last year of Daf, the Dutch commercial vehicle maker, achieved a net profit of £1.5m on a turnover of £48m in its first trading period, the five months to the end of December, 1993.

It has long-term supply contracts with the three manufacturing businesses salvaged from the former Daf group, namely LDV, the Birmingham-based van producer, Leyland Trucks, the Lancashire truck assembler, and Daf Trucks, the Dutch heavy truck maker.

Multipart said that it was seeking to expand by winning additional logistics contracts both inside and outside the motor industry. The company is investing £5m in computer systems.

Multipart was rescued by a management buy-in team led by Mr Alan Simpson, former managing director of Land Rover Parts, with the backing of £17.3m in equity capital provided by Phildrew Ventures, the UK venture capital arm of Union Bank of Switzerland, and a £20m long-term loan from National Westminster.

NEWS DIGEST

EW Fact shares fall on warning

Shares in EW Fact fell 31p to 103p yesterday after the professional tuition company reported lower than anticipated interim results and warned that the second half would also be below expectations.

The company said that student enrolments had been disappointing as a result of changes in an accountancy syllabus and the recession causing low recruitment of trainees and restricted training budgets.

The first half had also included full provision for litigation relating to Vatax Advisory Services, a dormant subsidiary.

Turnover for the first half of 1994 advanced to £5.04m (£2.44m) including £2.66m from acquisitions. The figures included almost a full contribution from Accountancy Tutors, acquired in January.

Pre-tax profits doubled to £1.21m (£602,000) but the placing and open offer to fund the purchase left earnings per share lower at 4.37p against 5.36p.

However, the group remains confident of prospects and the interim dividend is raised to 1.94p (1.76p).

Biocure reduces deficit to £0.7m

Biocure Holdings, the USM-quoted healthcare products group, reduced pre-tax losses from £1.3m to £715,000 in the year to June 30. Turnover nearly doubled from £1.92m to £3.77m.

For the three months to June, Hypoguard, the main trading subsidiary, achieved pre-tax profits of £69,000 on turnover of £1.27m and the company said profitability continued to be satisfactory in the current year.

Losses per share were cut to 2.12p (4.16p).

Hazlewood Foods sells caterer to MBO

Hazlewood Foods has sold its Saint Martin Food Products catering subsidiary to its managers for £6m. The business, based in Acton, west London, provides catering services to airlines and airport caterers.

The buy-out is led by Mr Trevor Stephens. Prudential Venture Managers arranged the equity capital, with senior debt provided by Bank of Scotland.

Additional funding of £2.4m has been secured to be used for working capital and also for a planned move to new premises in the new year.

Russian bank lifts Middlesex stake

The Russian joint stock commercial bank, Vozrozhdeniye, is to buy another 50.7m shares at 5p each in Middlesex Holdings, the metal mining, recycling and trading company.

The bank currently holds 4.7 per cent of share capital in the USM-traded company.

Purchase of the second tranche of shares, for £2.54m, would bring its holding to 12.3 per cent.

Middlesex also intends to enter into a joint venture with the bank to provide trade finance for companies worldwide.

Strong sales help Spandex score £3.3m

By David Wighton

Spandex, the distributor of computerised sign-making equipment, increased pre-tax profits by a third to £3.3m in the first half on the back of strong sales in most of its main markets.

Turnover rose 17 per cent to £33.9m, with an underlying rise of 11 per cent boosted by the acquisition in March of what is now Spandex France.

Earnings per share increased by 37 per cent to 6.3p (4.6p) and the interim dividend edged up to 0.75p (0.7p).

Mr Charles Dobson, chairman and chief executive, said: "Performance in all territories continues to advance and as the economic climate improves Spandex will benefit further."

In the UK sales overall were up by 21 per cent. Sign-making computers surged by 58 per cent, which the company attributed partly to the release of pent-up demand previously stifled by economic uncertainty.

The increase also reflected the introduction of the Gerber Edge product.

Sales in Germany rose by 6 per cent in local currency terms and Spandex is to spend £2.1m on a warehouse which should be completed in the first quarter of next year.

The net interest bill fell from £293,000 to £67,000.

Increased capital expenditure will push up gearing in the short term, but the company stressed that:"The expected rise in net debt is foreseen as being well within historic highs."

The shares, which have trebled in the last two years, added 5p to an all-time high of 280p.

The BIEE memorial award for Andrew Holmes

A fund has been established in memory of the distinguished *Financial Times* journalist and editor of *Power in Europe*, Andy Holmes. The British Institute of Energy Economics (BIEE) is to give an annual research award of £1,000, subject to finding a suitable candidate. The arrangements are being administered by BIEE. The award is open to men and women between the ages of 21 and 35, resident in the United Kingdom, and who are interested in energy issues.

Applicants should submit a two-page original and non-technical research proposal related to energy or to energy and the environment, and likely to lead to a 5,000-10,000 word paper. This proposal should reach the address below by October 31, 1994 with a cover note giving details of address, phone and fax numbers plus university or company affiliation, if any. A shortlist of applicants will then be drawn up and interviewed in London in December. The winner will receive half the money on winning the award and the remainder on completion of the paper. The results will be announced in early 1995.

The aim of the award is to encourage young managers, postgraduates and others to think about the wider issues of energy policy. Topics could include the European Energy Charter, global warming, the impact of China's economic growth on energy demand, policy on the the development of alternative transport fuels, the future of nuclear power, third party access to transmission grids etc. These are purely illustrative. The judges do not wish to specify a precise topic, but the subject matter and final essay should be fully comprehensible to a non-scientific or non-technical audience. The winner may be asked to present his or her findings at a BIEE meeting, and the resulting paper may be published in shortened form in the *FT Energy Economist*.

Applications should be sent to: Lucy Plaskett, FT Newspapers, 126 Jermyn St., London SW1Y 4UJ. Fax: 071-411-4415.

Alfred McAlpine at £3.1m for eight months

By Christopher Price

Alfred McAlpine, the housebuilding and construction group, yesterday reported a rise in pre-tax profits of £3.1m for the eight months to June 30. The company has changed its year-end to December and for the six months to April 30 1994 there were pre-tax profits of £894,000 against losses of £3.74m.

Turnover for the eight months was £449.7m, against £316.6m for the six months to April 1994. The dividend is held at 3p, payable from earnings per share of 3.1p.

The company raised £25m from shareholders in June in order to fund its land purchasing programme.

Net debt at June 30 stood at £49.5m, representing gearing of 27 per cent.

Sir John Milne, the chairman said that the contracting and construction division continued to endure tough trading conditions, resulting in operating losses for the eight months of £1.95m on turnover of £291.6m.

For the corresponding six months of the previous year there were operating losses of £121,000 on turnover of £148.3m.

Mr Ken Lever, finance director, said it would be some time before the division returned to the black. "There are a lot of contracts being undertaken on low margins. It may be 1996 before we see any return to profitability."

He added that the company was keeping under review all areas of its contracting business and those unable to show a potential to return to profits faced possible closure. He refused to elaborate on which areas of the business were most susceptible.

The strong recovery in the housing market in the early part of the year had weakened during June and July, Mr Milne said, but higher sales reservations in August boded well for the traditionally stronger market in the autumn.

Operating profits in the housing division were £7.82m on turnover of £82.7m. For the first six months last year, the figures were £2.04m and £43.04m respectively. Mr Lever said the division would remain the engine of growth for the group while the rest of the business stabilised.

In the US, an operating loss of £545,000 was reported on turnover of £50.2m.

Mr Lever said improvements in the contracting business would enable the US business to return to profitability in the second half, although it would not improve on 1993's contribution. Then pre-tax profits came in at £1.68m and operating profits were £1.33m.

Ashley Ashwood

Sir John Milne: tough trading conditions remained in contracting

CRH makes £14m US purchase

CRH, the Dublin-based construction and building materials group, has bought Rotondo for £22.5m (£14.2m) in cash including assumed debt.

Rotondo is the leading supplier of precast concrete enclosures to telephone and utility companies in the north east of the US. It is also a major national supplier of precast concrete prison cells.

In the US, CRH's operations are organised under its holding company Oldcastle, into four core business groups: architectural products, materials, glass and precast. The Precast Group is a major supplier of precast telecommunication, utility and environmental products in the Western and south-eastern US.

Mr Myles Lee, general manager-finance, said the acquisition would extend the geographical coverage of CRH's precast operations in the US. CRH already had substantial precast activities in the west and south of the US, but wants to increase its presence in the north, he said.

Mr Jim Schack, president of the CRH's precast group, said that the synergies of bringing Rotondo and the Precast Group together involved not only products and territories, but also the sharing of Rotondo's engineering and production know-how with the group's other facilities in the US and internationally.

CRH's shares closed up 3p at 361p.

Growth in controls offset increased losses in specialist engineering

Industrial Control rises 16%

By Peter Pearse

Strong growth in the controls division enabled Industrial Control Services, the safety systems, controls and specialist engineering company, to report a 16 per cent increase in pre-tax profits from £6.23m to £7.22m in the year to May 31. The share price slipped 4p to close at 141p.

Mr Peter Hall, chairman and chief executive, said the rises in both profits and group turnover – which expanded to £85.5m (£72.9m) – were achieved on the back of strong growth in the controls division, which offset increased losses in specialist engineering and a small decline in safety systems profits.

However, he stressed that although the controls and safety systems markets had not, in general, shown growth, the group had adopted a "one-stop" policy towards its products and markets. For example, an offshore oil or gas rig could use the Bailey ICS joint venture to supply the process control, ICS for the safety system, Brisco for the wellhead and subsea control, and Transmitton for the "intelligent" computers to oversee all this plant.

Most of the growth, Mr Hall said, came from retrofitting and upgrading rather than new projects. Again, the Shell Supply contract for the updating of platforms in the North Sea had performed strongly.

Although the Middle and Far East were showing the most growth in the world and contributed about 40 per cent of group sales, the North Sea still chipped in a similar percentage.

Profits in controls increased to £4.97m (£2.6m), which included a full-year contribution of £316,000 from Brisco, acquired at the beginning of 1993. Divisional turnover was up at £33.9m (£23m).

Safety systems made £5.44m (£5.55m) on turnover of £38m (£39.5m), while specialist engineering incurred losses of £1.33m (£60,000) on turnover of £13.6m (£10.3m).

These losses, Mr Hall said, were mostly the result of heavy R&D expenses at Sava, which makes security devices for computer installations and which is now seeing £250,000 of trading per month.

Earnings per share rose to 10.64p (9.76p) and a final dividend of 3.5p (3.07p) makes a total of 5p (4.4p).

Higher margins lift PizzaExpress

By Caroline Southey

An improvement in margins in all divisions of the PizzaExpress restaurant chain helped lift pre-tax profits at the year end by 75 per cent and turnover by 41 per cent.

Pre-tax profits rose from £1.41m to £5.56m, including a £858,000 contribution from discontinued operations. Turnover rose from £15.7m to £26.8m with sales at company restaurants, which numbered 36 at the year end, rising by 14.5 per cent.

PizzaExpress came to the market in February last year in a reverse takeover by Star Computer Group. In February this year Star Computer was sold for £2.22m.

Mr David Page, managing director, said the Covent Garden and Salisbury restaurants had got off to a "spectacular" start. Margins in all operating divisions had improved in the last year, although the company was mindful of the "value versus profit" equation, he said.

Mr Glen Tomlinson, finance director, said restaurant margins had improved from 12 per cent to 20 per cent and from 16 per cent to 19 per cent in the wholesale division. The improvement in restaurant margins was mainly due to increased sales combined with cuts in labour costs, he said.

Eight new restaurants were opened and five were acquired from franchises. Capital expenditure stood at £4.5m and the average build cost of new restaurants stood at £278,000.

Franchise fee income from the 37 franchised restaurants was 10.5 per cent higher than last year. A further two franchises opened in Leicester and Southampton in July.

Spend per customer rose from £8.40 to £8.53.

Mr Page said a target of 86 restaurants had been set for 1995, more than half of which would be company owned. New sites had been identified in six cities for company restaurants.

He said the company was aware that restaurants within greater London showed a "more immediate profit" than those outside. But PizzaExpress was commited to "spreading the gospel of good pizza throughout Great Britain".

Earnings per share rose from 3.6p to 6.5p. A final dividend of 1p (nil) was proposed.

More O'Ferrall 35% ahead at £2.8m

By Simon Davies

More O'Ferrall, the UK's biggest poster advertising group, increased profits from its UK and Irish operations by 78 per cent, but interim profits were held back by the impact of the recession in Europe.

Pre-tax profits for the six months to June 30 rose 35 per cent to £2.81m (£2.08m), on an increase of only 7 per cent in group turnover to £33.8m (£31.6m).

The UK division was the driving force. The Advertising Association forecasts a 7 per cent increase in the poster market this year, the highest since 1988, but More O'Ferrall lifted its UK and Irish revenues by 15 per cent, and profits rose to £1.7m (£958,000).

Mr Russel Gore-Andrews, chairman, said the group had succeeded in pushing through meaningful price increases for poster space. It also benefited from a programme of converting bus shelter sites to the higher value added Adshel Superlite format.

The group is broadening its coverage of Ireland, having previously focused on Dublin.

The Belgian market, its most profitable a year earlier, achieved flat revenues and a marginal increase in operating profit, in Belgian franc terms. Devaluation of the franc left its contribution virtually unchanged at £1.13m.

France was worse affected, with operating profit well down at £256,000 (£603,000). Mr Gore-Andrews said cost-cuting measures had been put in place that would reduce overheads by £500,000 per annum, and this should benefit the performance in the second half of the year.

Taiwan continued to perform strongly, with operating profit rising from £148,000 to £177,000, and More O'Ferrall is currently looking to expand further into South East Asia.

Interest costs fell from £744,000 to £464,000, reflecting lower interest rates and debt reduction. However, capital investment is on the increase, with about £10m of expenditure expected this year. It spent £3.44m in the first half.

The interim dividend is maintained at 3.2p, while earnings per share rose to 5.7p (4.4p).

Lloyd Thompson hemmed in to £18.2m

By Christopher Price

Difficult trading conditions in the London insurance market hemmed in profit growth at Lloyd Thompson Group last year, pre-tax profits rising 5 per cent to £18.2m for the 12 months ended 30 June, 1994.

The result was in line with market expectations following a profits warning in June and the shares slipped 1p to 169p.

The company also announced it is to purchase the remaining 80 per cent it does not own in MIU, an associated company, for about £13.8m, which will be satisfied by the issue of some 7.6m shares or 9.75 per cent of the issued share capital. Lloyd Thompson has had 80 per cent management control of MIU, which handles the insurance group's non-marine and non-US business, since 1989.

Group turnover edged up 3 per cent to £42.41m (£41.14m) in the year, while investment income declined 29 per cent to £4.23m (£5.96m).

Earnings per share fell from 14.8p to 14.36p, but the dividend was increased by 16 per cent to 7.8p (6.7p), with a 5.4p final.

Mr Ken Carter, chief executive, said that while trading conditions remained tough, the group had achieved operating profits growth of 22 per cent to £14m (£11.5m).

He added that the company would be attempting to widen its geographic spread, looking to win more business in Latin America, Australia and South Africa.

"We have reduced expenditure as much as we can and have got to expand through our brokerage business," he said.

Turnover from the marine insurance business increased 5 per cent to £18.27m (£17.35m), while the marine side grew 7 per cent to £12.56m (£11.75m). However, reinsurance turnover slipped 4 per cent to £11.57m (£12.04m).

Nobo expands into Europe with £6m deal

Nobo Group, the office and business products supplier, is expanding into continental Europe with the acquisition of the De Visu Companies, four private companies based in France under common control, for an aggregate £6m.

An initial consideration of £5.2m will be satisfied as to £3.9m in cash and £1.3m by the issue of 544,746 new ordinary shares to the vendors. The balance is profit-related.

Nobo also announced an open offer of 4.89m new ordinary shares on a 2-for-5 basis to raise about £10.2m net. The proceeds will finance the cash element of the acquisition and a deferred £1m consideration for the Elite Optics purchase, completed on September 13. The balance will be used to reduce the enlarged group's debt.

The placing and open offer are fully underwritten by Granville Davies.

The De Visu Companies comprise De Visu, Lara Audiovisuel, Comevi and Artois. They make visual display and training products and drawing office equipment. For 1993 losses amounted to about £2m on turnover of about £18m. Sales are principally to trade distributors within France, with about 10 per cent relating to exports.

Nobo is also proposing that, following the acquisition, its share premium account be reduced by £16m to £500,000 to be transferred to a special capital reserve against which any goodwill may be written off.

NEWS DIGEST

Eadie shares dive 20%

Shares in Eadie Holdings fell by 20 per cent or 5p to 20p yesterday after the general engineering group reported pre-tax profits down from £850,000 to £262,000 for the first half of 1994.

Mr Peter Bromwich, chairman, attributed the setback to the downturn suffered on the roll cages and wheelchairs business, and interest charges up from £129,000 to £167,000.

However, he was confident that actions taken in improving product and manufacturing facilities, coupled with an increased order book in most of the group, would lead to a second half improvement.

Turnover was little changed at £13.45m (£13.55m). Earnings per share declined to 0.32p (1.09p) but an unchanged interim dividend of 0.3p has been declared.

Midland Assets reverse takeover

Midland Assets, which was created in May to acquire four nursing homes from Northern Leisure, is expected to announce today a reverse takeover by a bigger healthcare company in the Midlands.

The deal is likely to leave Midland, whose shares closed last night unchanged at 19p, with approaching 20 healthcare premises.

Midland initially raised £2.4m via an intermediaries offer of ordinary shares and paid £1.9m cash for RealCare nursing homes.

Edmond returns to the black

Edmond Holdings, the housebuilder, returned to profit in the six months to June 30. Pre-tax profits were £130,000, compared with losses of £187,000, on turnover up 10 per cent from £5.7m to £6.28m.

The turnover was achieved on 116 completed sales at an average price of £54,100 (102 at an average £55,800).

Earnings per share were 0.26p (0.26p losses) and the interim dividend remains at 0.15p.

Ernest Green falls to £419,000

Ernest Green and Partners Holdings, the USM-quoted consulting engineer, reported pre-tax profits down from £773,000 to £419,000 in the year to June 30. Mr David Legg, chairman, said it had been another tough year for the construction industry.

Turnover was lower at £7.37m (£7.66m). Earnings per share came out at 3.6p (6.6p) and a final dividend of 3.25p is proposed, cutting the total from 7p to 6p.

Bilston Enamels in profit midway

A return to more normal trading enabled Bilston & Battersea Enamels, the USM-quoted maker of enamel boxes, to turnround from a £186,000 loss to a pre-tax profit of £33,000 for the first half of 1994.

Turnover grew 40 per cent to £2.49m and earnings per share came to 0.1p (2.7p losses).

Mr Roger Foster, chairman, pointed out that because of the importance of pre-Christmas trading, the company's profits were primarily obtained in the second half. "Sales and orders in the third quarter indicate that the full year should end satisfactorily," he added.

Cassell halves losses to £179,000

Cassell, the book publisher, almost halved its pre-tax losses in the six months to 30 June, from £345,000 to £179,000, on the back of turnover up 9 per cent from £8.92m to £9.69m.

The company, which came to the market in June, reported an interim operating profit of £51,000 against a loss of £49,000.

Losses per share were reduced from 17.7p to 7.3p.

Heritage setback in second half

A setback to trading in the second half resulted in a loss for the period at Heritage, the USM-quoted housewares distributor.

On sales up from £11.6m to £12.7m, the company reported a pre-tax profit of £105,000 for the year to April 30. This compared with £115,000 at the midway stage, which was also the same sum as for the whole of the previous year.

The company said trading had been affected by a kiln explosion at its main ceramic supplier and poor sales and lower margins at the discount end of the market.

Earnings per share worked through at 1.85p, compared with 2.14p.

Highcroft slightly lower at £597,000

Highcroft Investment Trust, a financial trust, reported slightly lower pre-tax profits of £597,000 for the six months to June 30, against £611,000 last time.

Earnings per share were 7.4p (7.8p) including gains on assets disposals or 6.9p (same) excluding these. The interim dividend has been stepped up to 2p (1.9p).

Exceptional gain doubles Norcor

Pre-tax profits at Norcor Holdings, the corrugated board manufacturer, more than doubled for the half year ended June 30, from £1.37m to £4.01m.

The rise was due to an exceptional gain of £3.1m, representing interest waived by venture capital loan note holders at the time of the company's flotation in May. The gain itself was partly offset by an exceptional interest charge of £500,000.

Operating profits were down 41 per cent, from £2.53m to £1.51m, on reduced turnover of £19.2m (£20.3m).

Earnings per share were 24.3p (10.6p). The maiden dividend will be recommended with the final results.

S Jerome shows sharp improvement

S Jerome & Sons, the textiles concern, saw pre-tax profits increase from £25,000 to £321,000 in the first half of 1994. Turnover was up 15 per cent at £14m, against £12.2m.

Earnings per share climbed from 0.2p to 2.9p and the interim dividend has been raised to 0.5p (0.2p).

Mr Alan Jerome, chairman, said machinery activity was at encouraging levels and he was cautiously optimistic that this improvement would be maintained for the rest of the year.

Cluff Resources losses at £0.58m

Cluff Resources, the minerals and oil and gas exploration group, reported increased pre-tax losses of £583,000 for the first half of 1994. Losses last time were £343,000.

Increased turnover of £12.2m (£6.67m) reflected the higher gold production and gold price together with the acquisition of Aberfoyle group in the second half of 1993.

Losses per share amounted to 0.91p (1p).

Murray Vent lifts asset value to 372p

A significant increase in activity at Murray Ventures helped the investment trust to raise net asset value per share to 372p at the end of the year to July 31. This marked a 7 per cent rise from 346.6p at the same stage in 1993.

The company said it had been a record year for unlisted investments, which came to £31.4m.

The increased final dividend of 8p makes a total for the year of 11.5p (10.9p). Earnings per share were 13.85p (12.79p restated to reflect a change in accounting policy).

COMPANY NEWS: UK

Disappointed market knocks 49% off share price

MDIS misses target with £5m

By Alan Cane

The share price of McDonnell Information Systems, the Hemel Hempstead-based computing services group, halved in value yesterday after interim results which were substantially below market expectations.

The shares fell by 49 per cent from 216p to 112p.

On Wednesday, Aerostructures Hamble, the former British Aerospace aircraft components subsidiary, floated in May, suffered a 50p drop in its share price to 73p, after it warned of difficulties with several contracts.

Pre-tax profits at MDIS for the six months to June 30 were £5.1m – 33 per cent down on the £7.53m achieved in the comparable period, and up to £4m short of analysts' forecasts.

Mr Jerry Causley, chairman, pointed to delays in decision making in the public sector, which had pushed a number of orders into the second half of the year, and a failure to sell more copies of its flagship banking software package. There would be some improvement in the second half, but full-year results would inevitably be below those of 1993.

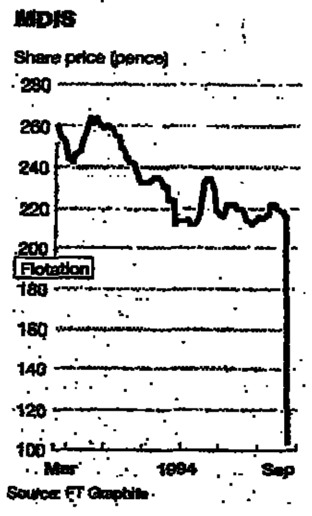
MDIS is the latest in a series of computing services companies which have produced disappointing and unexpected results after floating.

Turnover fell to £68.6m (£70.4m). Earnings were 28 per cent down at 3.38p (4.86p). An interim dividend of 2.3p will be paid.

MDIS came to the market in March at 260p a share through a placing and public offering which valued the group at £260m.

The placing and offer was the biggest in the information technology sector this year. The company had previously been the subject of a management buy-out from McDonnell Douglas of the US.

Mr Causley said the underlying performance had been strong, with trading margins maintained in the public sector, commercial and industrial business areas.



Some of its current difficulties are expected to be resolved in the second half, when a number of public sector orders, including four large police contracts, are expected to come through. Research and development, on which an extra £750,000 was spent in the first half, is expected to return to budget.

Mr Causley warned, however: "Local government business has been impacted by increasing uncertainty following the Banham Commissions's recommendations and the health business, following a good first half is also seeing slippage in order confirmations."

The performance of the banking package PRO-IV is critical. MDIS made its first sale to the Austrian Kontrol Bank last year, but has failed to find other buyers.

The complete package costs up to £5m, so a small number of orders could make a significant difference to the year's outcome.

MDIS's broker, NatWest Markets, has cut its estimate of pre-tax profit for the year to £17m – 11.4p of earnings – from £25.7m, and anticipates only £19m in 1995.

It predicts a dividend of 7p a share for both years.

US demand lifts Ricardo

By Richard Wolffe

Strong demand from US car producers helped to lift turnover and pre-tax profits at Ricardo, the consulting engineer, for the year to June 30.

The group reported pre-tax profits of £4.46m, up from £2.68m last year, which included losses on discontinued operations and property provisions. Before exceptional items, pre-tax profits last year stood at £4.11m.

Turnover was £62.9m against £65.6m including £5.59m from discontinued operations. Sales were 82 per cent ahead in North America and 48 per cent in the Pacific Basin.

However, a good performance by the group's consulting engineers was offset by a 26 per cent drop in turnover from its aerospace division, which now aims to refocus on the industrial gas turbine market.

Sir Philip Foreman, chairman, said: "We are pleased with these results which have been achieved despite difficult trading conditions, but reflect the strong organic growth potential of the business."

In June the company announced a rights issue of 10.5m shares to help fund the £13.6m acquisition of FF Developments, the transmission and chassis engineer. Receipts from the issue helped to reduce gearing from 15 per cent to nil.

FF Developments is now charged with marketing the Ricardo Differential, which was hailed last year as a "revolutionary" limited slip differential gear for family cars.

In March, Ricardo spent $2.26m (£1.43m) acquiring Airflow Sciences Corporation. The Detroit-based company, which looks at fluid flow and heat transfer problems, is expecting strong demand from power stations which need to reduce emissions.

Earnings per share amounted to 8.4p (4p). The proposed final dividend is 4p (3.8p) giving a total of 6p (5.7p).

Hampden back in black

A turnround from pre-tax losses of £198,000 to profits of £207,000 was announced by Hampden Group for the 24 weeks to June 18.

The Belfast-based retailer, which operates Texas Homecare stores, Allied Carpets franchises and runs a joint venture with Fwik-Fit Holdings, lifted turnover from £13.9m to to £16.5m for the period.

Mr Stratton Mills, the chairman, said he was cautiously optimistic that the profit progress could be maintained to the end of the year and beyond.

Earnings per share amounted to 0.93p compared with 0.89p losses while an interim dividend of 0.2p (nil) is declared.

Hampden's shares, which trade on the USM, closed 2p higher at 30p.

Dagenham Motors up 39%

Dagenham Motors Group has continued its recovery with pre-tax profits up 39 per cent from £1.3m to £1.81m for the six months to June 30. Turnover rose 20 per cent from £84.9m to £101.7m.

Sales of both new and used cars were up 17 per cent, with August figures substantially ahead of last year, said Mr David Philip, chairman. The order book indicated that sales in the second half would be "at least as strong".

Finance and insurance income from vehicle sales saw a 36 per cent increase, partly due to "more realistic underwriting policies".

Following the rights issue in March, Dagenham acquired the Ford franchise for Woking and Weybridge, fulfilling its aim to encircle London with a ring of Ford and Iveco dealerships on the M25.

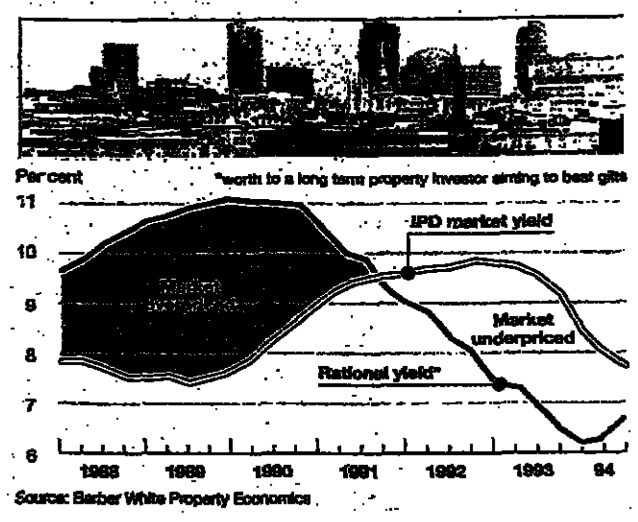
The interim dividend rises to 2p (1.75p) and earnings per share were 5.7p (5p).

PROPERTY

Facts and forecasts

Simon London on the paucity of credible market analysis

The information gap



Source: Barber White Property Economics

If a market should be judged by the quality of its analysis, property is still in the dark ages. This complaint is most often heard from fund managers, especially those who cut their teeth in equities or bonds. But the point is not lost on property professional themselves.

Mr Peter Evans, head of research at surveyors DTZ Debenham Thorpe, said: "In terms of available data, the property market is like a third world country."

The culture of the industry is partly to blame. Agents have traditionally sold themselves on the basis of what they know, rather than how they interpret commonly-held information about transactions and market conditions. The culture of transparency which governs the equity and bond markets has simply passed by.

The consequences could be profound. The long-term decline in institutional holdings of property is due, in part, to the paucity of credible market statistics and analysis.

"We certainly have not felt as comfortable with property as with other financial assets," said one fund manager at a life insurance company. "Defending investment decisions on the basis of gut feel is no longer enough."

It is also possible that the information gap has contributed to the extreme cyclical nature of the property market. This is a view shared by the Royal Institution of Chartered Surveyors.

Earlier this year RICS published research on the links between the economy and the property cycle. Mr Clive Lewis, then president, hailed the work as "the best hope yet of finding a way to tame damaging boom and bust cycles".

Sceptics point out that research did nothing to prevent the 1987 UK stock market crash. Either way, though, investors' thirst for quality information and analysis is a commercial opportunity.

The Investment Property Databank, set up 10 years ago, was the first to spot the requirement for raw data. Its work laid the foundations on which the first brave attempts at forecasting were built. Most of the big surveying practices now offer forecasting services, while independent forecasters have flourished over the past five years.

The property establishment sees the introduction of forecasting techniques as step forward rather than a threat to the valuers' art.

The Mallinson report on valuation, published earlier this year, came out broadly in favour of forecasting: "We ... see it as an area in which surveyors, with the aid of other skills, can offer valuable insight to clients. But we see [forecasting services] as distinct and believe they should be kept very carefully distinct from the practice of valuation."

This attitude is broadly shared by investors. "We are inclined to use forecasts more and more, although the jury is still out on their performance," said Mr David Hunter, head of property investment at Scottish Amicable.

Forecasters see themselves as giving investors the tools to make better decisions – closing the credibility gap between property and other financial assets.

"Our job is to help property fund managers approach their asset allocation committees on equal terms," said Mr Colin Barber of forecasting consultancy Barber White.

Yet the limits of forecasting are a matter for hot debate. Some are doubtful about forecasters' ability to predict the market at all.

"All property market projections are based on macroeconomic forecasts which themselves have a poor record," said Mr Chris Brown of Manchester consultancy Kenrick Brown. "It is also possible that the factors which drive the property market change over time, but not in a linear way."

Investors are sceptical about using forecasts to guide anything other than broad decisions on asset allocation.

"Local markets react to local factors which can not be predicted," said Mr Hunter. "We would never buy a shop we did not like simply because the forecasts told us to."

Even zealots admit that forecasting down to regional or local level is tricky. "As the scale becomes smaller, the task of forecasting becomes progressively more difficult," said Mr Bryan MacGregor, professor of land economy at the University of Aberdeen.

Factors such as new developments, which are especially difficult to predict, are much more important at local level. Moreover, economic data for particular towns is simply not available. If these problems can be overcome, though, forecasters see the biggest gains to be made at local level because these markets are least efficient.

"The market gets less efficient the lower down you go. We should be able to add more value at the level of a town or an individual building," commented Mr Andrew Baum of Real Estate Strategies, the forecasting company now linked to fund managers Henderson Administration.

So what of attempts to use rental forecasts and discounted cash-flow techniques to value individual buildings? Property companies increasingly use such methods when deciding whether to make strategic investments. Retailers such as Boots model underlying cash flows before deciding whether to buy or lease individual shops.

Again, the Mallinson report came down in favour of greater use of discounted cash-flow techniques by the property profession. But it envisaged such methods being used in combination with – not in place of – traditional valuations based on market evidence.

Some would like to go further. The collapse last year of hotels group Queens Moat Houses caused many investors to question property valuations in company accounts. Two firms of surveyors – Wetherall Green & Smith and Jones Lang Wootton – came up with widely divergent valuations of the company's assets.

The British Association of Hotel Accountants has since proposed a method for valuing hotels for accounting purposes based on discounted cash flow analysis.

This was rejected by RICS last month, on the grounds that the worth of a property to an investor need not be the same as its open market value.

The distinction is critical. It is the difference between underlying worth and open market value that forecasters and their clients are trying to identify and exploit.

Whether they can do so successfully over the long term remains an open question. But if the growth of forecasting increases understanding of what drives the market – and helps investors feel more comfortable about holding property in their portfolios – it will have proved its worth.

COMMERCIAL PROPERTY

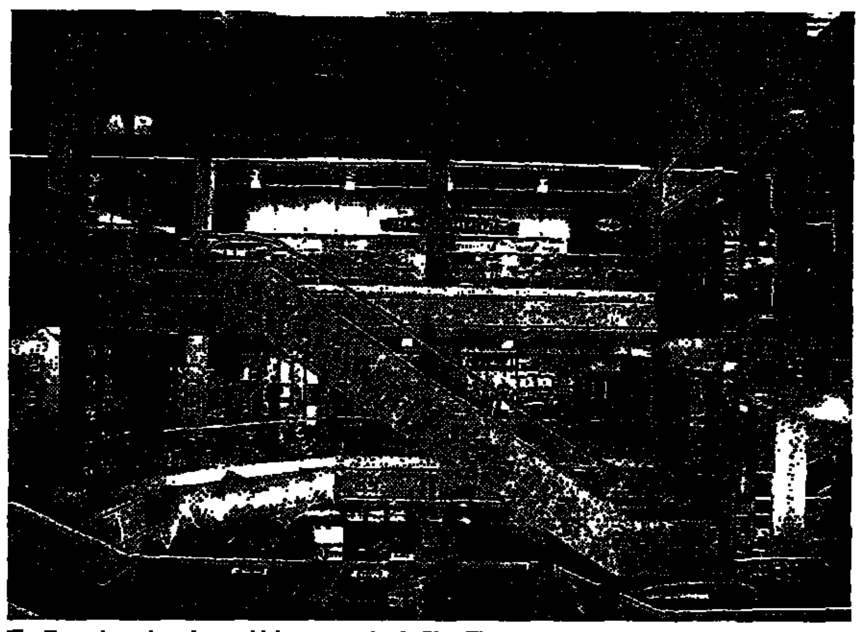
FINANCIAL TIMES SURVEY

PROPERTY IN LONDON'S WEST END

Friday September 23 1994


Eastward view down Oxford Street: the pace of retailing picks up


Redevelopment prospect: view from Bishop's Bridge Rd, Paddington


The Trocadero shopping and leisure complex in Picadilly

Call of the wide open spaces

Despite the abundance of empty offices, rents are rising and developers are dusting off some long deferred projects, writes Andrew Taylor

Tower cranes and concrete lorries, symbols of a virile commercial property market, could soon be starting to re-emerge in London's West End where rents for top quality new buildings are rising for the first time in five years.

Development plans are being tentatively dusted off as land owners and development groups consider whether the time is now right to begin construction again.

At first glance, prospects for London motorists finding their passage blocked by fleets of building material lorries and contractors plant would seem unlikely.

According to City University Business School, there remains a "chronic oversupply of sub-standard second hand office space in the West End" leaving too many landlords chasing too few prospective tenants. The university has drawn its conclusions after studying the findings of 10 of the largest commercial agents in the capital.

Jones Lang Wootton and St Quintin, two of the agents, estimate that there are still about 8m sq ft of empty office space in the area compared with the 3.25m sq ft estimated by Jones Lang Wootton to have been been occupied last year by West End tenants. On the basis of last year's take-up the area would appear to have at least two years supply of ready built accommodation.

However, says City University, new development is still needed because the general oversupply of offices is masking a shortage of new large buildings – particularly in the core area of Mayfair and St James, one of Britain's richest property markets and favoured for prestige corporate headquarters.

Prof Piers Venmore-Rowland, of the university's business school, says: "The situation has become acute. There remains significantly less than one year's supply of new accommodation available and, for large occupiers seeking in excess of 100,000 sq ft, there are no new buildings currently available.

"They [the figures] should make alarming reading for those businesses seeking large new offices in the West End. Many people have become used to the idea that there is far more office space available in central London than there are tenants to fill it.

"In general terms they are right but ... for those high profile, internationally orientated businesses looking for top quality space there is very little to choose from."

Rents, according to Jones Lang Wooton, have started to rise for quality buildings in prestige locations. More important, landlords have been able to reduce some of the rent free periods and other sales incentives they have been offering tenants.

A recent landmark letting was achieved at the 95.000 sq ft Almack House in King Street which is to be occupied by international bankers J.P. Morgan at an initial rent thought to be £42.50 a sq ft.

This is well short of the £60 plus achieved in Mayfair and St James at the end of the 1980s but nonetheless represents an important breakthrough, breaching the psychological £40 a sq ft barrier.

Jones Lang Wootton expects headline rents will reach £50 a sq ft next year. It says average rents of £65 a sq ft in 1989 in Mayfair/St James had fallen to a low of £35.50 in the second quarter of last year but have since risen to about £37. Rent free periods of 2½ years offered as a sales incentive to reluctant tenants at the height of the recession have fallen to about 18 months, says the agency.

Other important West End lettings this year, according St Quintin, include: Saudi International Bank which took 46,000 sq ft at No 1, Knightsbridge; Allied Dunbar Insurance, 31,000 sq ft at 120 New Cavendish Street; Cable London, 30,000 sq ft at Central Cross, 2 Stephen Street; and Hongkong and Shanghai Bank Corporation 24,000 sq ft at 29/31 Hill Street.

The agents say the supply of available offices in the postal districts of W1, SW1, WC1 and WC2 peaked at 11m sq ft during 1992 as tenants' needs reduced due to business rationalisations and a sharp rise in company liquidations.

At the same time, the number of new buildings coming on to the West End market rose sharply reflecting the fruits of the late 1980s building boom. By the third quarter of 1992 empty buildings represented 13½ per cent of the areas stock of offices. St Quintin says the vacancy has dipped below 10 per cent although still well in excess of the 3 to 4 per cent required for a healthy market. "It is worth remembering," it says, "that in the late 1980s, when the market tightened considerably, the vacancy rate dropped to 1 to 2 per cent, which was equally unhealthy."

Jones Lang Wootton says that the availability of new properties has almost gone from feast to famine with vacancy rates for new buildings now just under 2 per cent compared with a vacancy rate of 8 per cent for all West End properties.

Rents also have begum to recover for better quality space in one or two other West End districts beyond Mayfair and St James. Top rents in Soho and Covent Garden, says the agency, are averaging £22.50 a sq ft to £25 compared with £15 to £20 two years ago and a peak of about £40 to £45 in the late 1980s.

The recent improvement reflects increased demand from media and advertising companies, benefiting from the growth in cable and satellite television, which provide the backbone of tenant demand in the area. It has also benefited from a spill-over of interest from companies unwilling to pay higher rents or unable to find the right kind of quality space in Mayfair and St James.

Some agents, however, report that more recently there has been a slight slowdown in the rate of improvement in West End lettings. Similarly, property investment purchases which rose sharply in 1993, partly triggered by demand from overseas investors, have slipped back as bond yields have become more competitive.

Institutions are likely to want to see further evidence that tenant demand will prompt further rent rises before they embark on high risk new developments which will only proceed if substantial prelets can be achieved.

Many companies which might have been considering a move within the West End remained trapped by high rent leases, negotiated many years ago and which they are unable to reassign – the commercial property equivalent of negative equity.

New tenants are reluctant to commit themselves to traditional long leases with upward only rent reviews. "It is quite difficult to secure a tenant for longer than 15 years," according to St Quintin which says "break clauses" at the 10th or even the fifth year "are not unknown".

New investment also is unlikely to take place while substantial rent free periods are still available. Older, poor quality buildings will remain very difficult to let while tenant demand in the absence of new construction is likely to be concentrated on refurbished second hand buildings of high quality.

This points to the development of a two tier market with rents rising modestly for quality space as shortages emerge. Poorer quality buildings where there is still a large over-supply will remain very difficult to let, rents will remain static and sales incentives will be slow to disappear.

Tenants have become more cost conscious during the recession and the general oversupply of accommodation will continue to act as a brake on the market preventing a rapid escalation in rents even for the best quality offices.

IN THIS SURVEY

Politicians and planners, Development options PAGE II. Paddington's muddy waters III. Shops gloom eases,UK funds return IV. District by district; Who the users are V.

Photos by Dan Burgen (except where credited otherwise)

Lady Porter now spends a lot of time abroad and the notorious Designated Homes sales programme may have abruptly halted. But the scandal of how the Tory Westminster Council strove to buy votes by turning the disaffected into home owners on the cheap still rumbles on.

The Unitary Development Plan for the city has now been re-examined by the District Auditor and by Mike Laws, a retired County Planning Officer for Shropshire, to see if the entire housing policy has been flawed by what are described as "contaminated motives" i.e. gerrymandering. Their reports are expected shortly.

Meanwhile, it has recently emerged that Porter's administration may have had a fine sense of self preservation in trying to buy votes. Boundary changes may soon threaten the Tories' age-old hegemony over Westminster, turning the district into a potential marginal.

But it would be wrong to dismiss Westminster's housing policy out of hand. Long before Porter all Westminster's local governors laid special emphasis on maintaining a strong residential element in every part of the city. The most recent requirement – that developments involving increased office space must provide matching amounts of self-contained residential units – is compatible with the post-war history of planning in Westminster.

Westminster's approach to planning has always been very different from the City's. The latter welcomes offices so long as they meet design criteria. Some retail provision is the only extra the developer need consider.

Westminster has never seen itself primarily as an office location. Its planning priority is urban renewal and it believes that this means mixed uses even in its core area, the so-called Central Activity Zone.

The concept goes back to the late 1950s when the then council insisted that Temporary Office Use permits were just that – temporary. Companies had been permitted to take over houses in Mayfair as war-time headquarters, but the council insisted that they revert back to housing when the TOUs expired, mostly by the late 1980s.

In Covent Garden and Soho, the local authority became even more insistent that housing should be an integral part of the mix. The concept has won international praise as a benchmark for urban regeneration.

For close on 50 years, therefore, the presumption has always been that all new developments would be a mix of housing, shops, offices and even workshops. Moreover, this applies in every sub-district, including one, like Paddington, designated a Special Policy Area and a preferred location for large-scale offices. What is new in the current Unitary Development Plan is the explicit commitment to owner-occupation and the resistance to converting houses into flats in desirable areas such as Belgravia, Pimlico, Knightsbridge and Bayswater.

According to Mike Straw of Richard Ellis's planning department, one question the examiners will be asking is whether this council is as fully committed to affordable housing as to residences for Conservative voters.

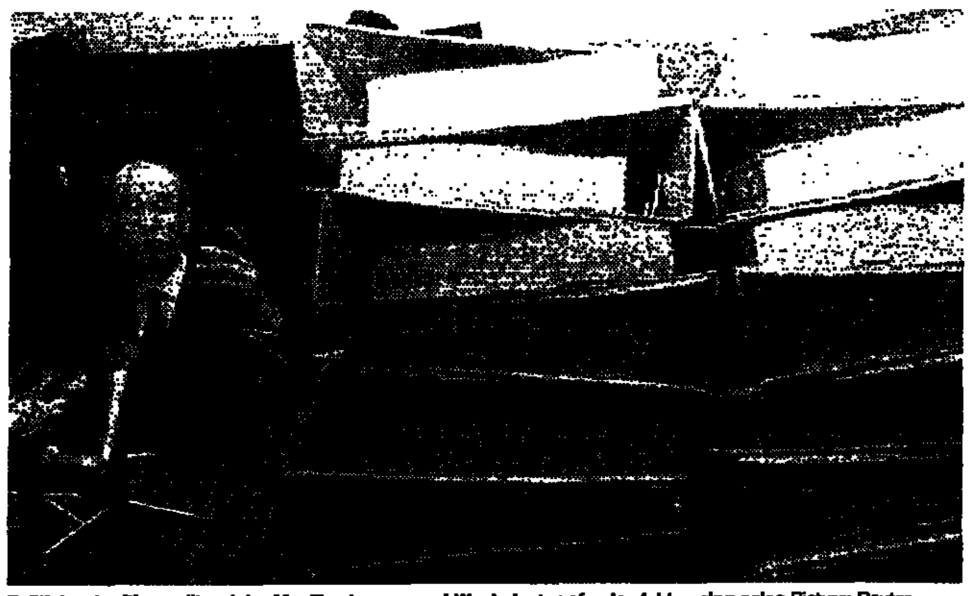
Developers have a separate objection to the current formulation of the housing policy: its inflexibility. Not all office developments are suitable for incorporating self-contained flats with a separate entrance; the site, the location, the immediate outlook may not recommend themselves to residential occupation. They believe the council should lay down the residential requirement for a neighbourhood and leave them to parcel that in the most convenient way.

History suggests they may eventually be heard. In the 1960s, Camden Council had a similar plan which forced Harry Hyams to provide a handful of flats in the penthouse of Centrepoint, his controversial office tower at the junction of Charing Cross Road and Oxford Street. The requirement made a mockery of Camden's housing policy, which was quietly modified.

Controversy – but without

Christine Moir reflects on where politics ends and planning begins

Westminster lifts the lid



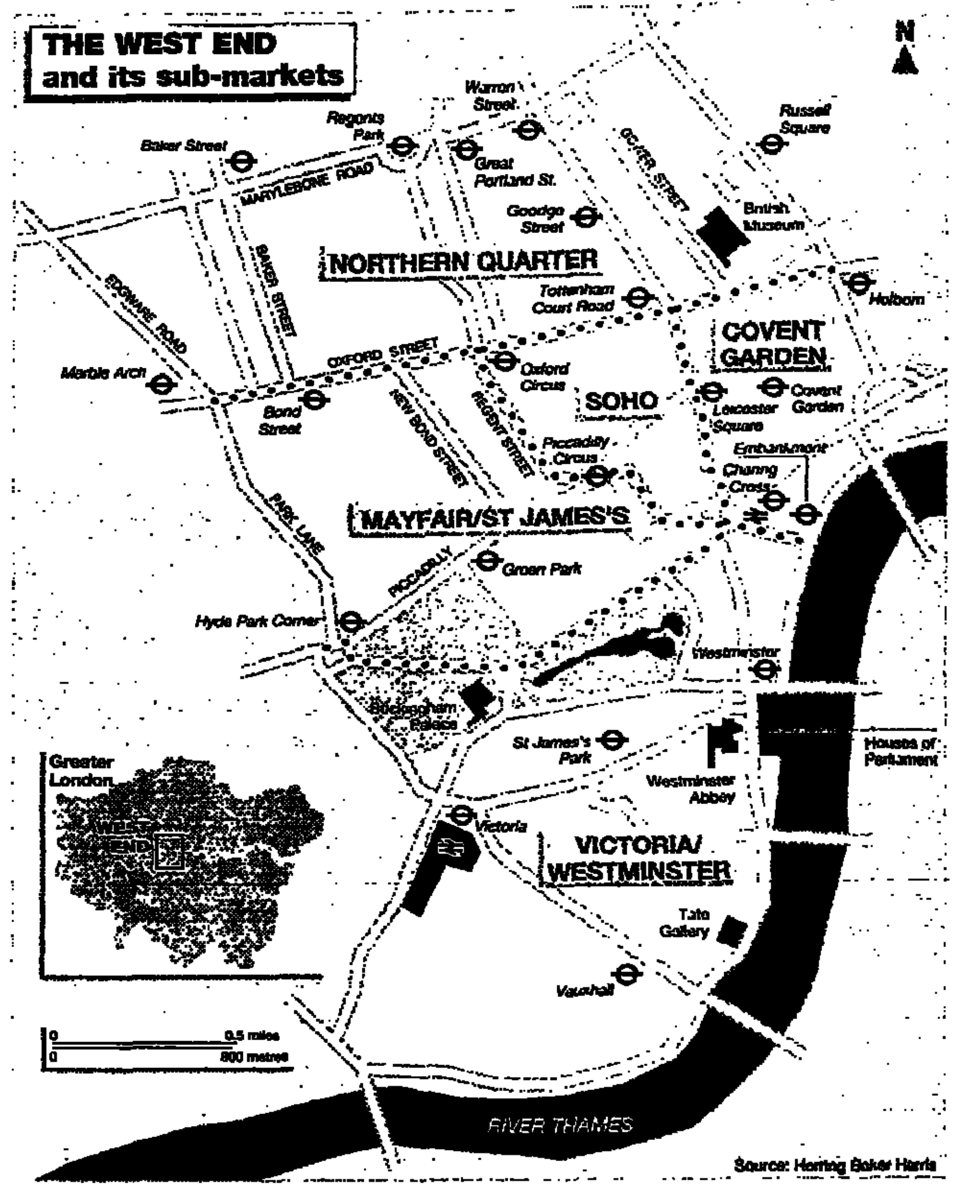
Politicians' critic: auditor John Magill, who accused Westminster of unlawful housing sales Picture: Reuter

the overtones of impropriety – also surrounds another aspect of planning for the West End: transport policy. It is a fraught issue everywhere, as central and local government are each responsible for different aspects of it.

In central London, matters were made worse by the abolition of the GLC which left no one body with an overview of the region's needs. One example suffices: the Heathrow Express Railway, a joint venture between British Rail and the British Airports Authority, went back and forth to central government during its planning phase with no one to judge whether it was good for London.

Instead, different local authorities bickered among themselves: while districts near the airport wanted traffic taken off their roads, Westminster opposed it on the grounds that it would suck in traffic to the proposed terminal at Paddington.

Westminster lost. HER is going ahead. Westminster is reduced to trying to limit the inevitable increase in traffic in Paddington by forcing the two giant commercial developments which will feed on the express to reduce the car parking they provide. The transport programme which would have had a really positive effect in driving West End traffic off the roads – CrossRail – was in central government's gift and now lies gathering dust.



Source: Hering Baker Harris

■ NEW DEVELOPMENT OPTIONS

Confidence stirs

Development proposals are being dusted off as land owners and investors consider whether the time is right to resurrect plans for some of the biggest office projects undertaken in the capital, writes ANDREW TAYLOR.

Two of the biggest projects are in Paddington, designated by Westminster City Council in 1982 for large scale office development and where rival development groups are proposing to develop up to 3m sq ft of new office space.

Funding institutions, however, remain very nervous after their experiences during the early 1990s when rents and capital values fell sharply. Major schemes, therefore, are unlikely to proceed unless they are pre-let.

Richard Ellis All Buildings Rental Index (% change)

	1990 (year)	1993 (year)	1994(Jan-June)
Mayfair	-5.9	-4.6	+3.7
St James's	-5.1	-7.8	+4.8
Soho	-8.2	-10.6	+1.9
Covent Gdn/Strand	-10.9	-8.2	+6.5
Victoria/Belgravia	-4.0	-11.0	+6.6
Northern	-9.9	-16.0	+1.7
TOTAL WEST END	-7.2	-9.6	+4.3

Source: Richard Ellis Property Database, August 1994

Planning hurdles also may have still to be overcome as developers seek to turn outline planning approval into detailed consents for their proposals. Some of these construction projects have been around for many years and it could be some time before concrete starts to be poured.

Nonetheless the outlook for development has begun to brighten. The balance between supply and demand, at least for new properties, is again favouring the developer.

This week, for example, Mr Elliott Bernerd's Chelsfield group announced plans to start work on 120,000 sq ft of office space at Wool House, St James's after selling a 50 per cent stake in the project to AMP Asset management for £20.5m.

City University Business School, which has studied the findings of 10 of the largest commercial agents and chartered surveyors in the capital says: "There remains significantly less than one year's supply of new accommodation available and, for large occupiers seeking in excess of 100,000 sq ft, there are no new buildings currently available."

As a result, rents for modern high quality accommodation are beginning to rise as the property market comes out of recession.

The shortage of new space, described by City University as "acute", compares with a general oversupply of empty secondary space, much of it poor quality, of 8m sq ft. The take-up by tenants is expected to be about about 3.5m sq ft this year, according to agents Jones Lang Wootton, indicating that there is at least two years supply of ready built accommodation. The extent of this over supply will prevent rent from rising too quickly.

Westminster council's long standing policy of maintaining a strong residential community alongside office and retail schemes traditionally has restricted the pace of commercial development. More recently it has required developments involving increased office space to provide equivalent residential space.

The council's housing policies are now being investigated by the District Auditor and a retired former County Planning Officer for Shropshire following the votes for homes scandal operated under Westminster's right to buy scheme.

The inquiry, however, is not expected to undermine the general thrust of the council's housing policy or threaten outline planning permissions granted for some of the large proposed schemes in Paddington where Westminster is seeking to direct commercial development under its urban renewal policies.

It has been aided by the start of construction of the £300m Heathrow to Paddington rail link designed to provide fast direct rail access to the airport as well as coping with increased passenger numbers if the proposed fifth terminal at Heathrow goes ahead.

Beneficiaries could be two of the largest schemes to be undertaken in central London since the massive Broadgate and Ludgate office developments undertaken by the Stanhope/Rosehaugh joint venture. Rosehaugh subsequently went into receivership while Stanhope is still wrestling with its large borrowings.

The main Paddington schemes are:

● Bishopsbridge: a 1.4m sq ft office development with retail and residential elements proposed by Grainhurst, a consortium representing Regalian property development group and the National Freight Consortium. The site is the the former Bishops Bridge railway goods yard.

● Paddington Basin: a joint development proposed by Trafalgar House, the UK construction, property, shippings and hotels group, and British Waterways. The scheme is to provide up to 1.5m sq ft of offices as well as retail and residential accommodation.

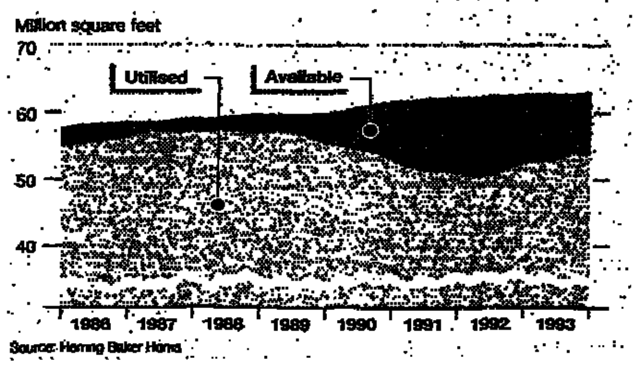
Both schemes seem likely to require a significant amount of pre-lets before financing institutions will agree to fund construction. Funds will also need to be convinced that there is the prospect for sufficient rental growth to justify such large investments.

Prospective tenants, given the oversupply in the West End may be prepared to look elsewhere rather than bid up rents, notwithstanding the shortage of new space. This initially may lead to a growth in refurbishment rather than new development.

Companies are not so long out of recession that they will be prepared to accept a sharp rise in property costs. There is plenty of choice of empty buildings if prospective tenants look further afield.

The City of London and the capital's former docklands areas may not have the glamour of a Mayfair or St James's address but might be regarded as preferable to a Paddington address if rents start to appear uncompetitive.

The Paddington/Heathrow link promising a 17 minute journey from central London to Europe's biggest airport is an important attraction but may not be enough on its own. The construction of CrossRail, a £2bn rail project link east and west London, blocked earlier this year by MPs, would have been an even bigger attraction.



Source: Hering Baker Harris

Christine Moir reviews rival schemes to develop Paddington's Victorian backwaters

Long march of the planners

Twelve years on and the ambitious plan to regenerate the seedy West End fringe at Paddington is still just a blueprint. Delays, controversy and changes in ideology have dogged the project ever since Westminster City Council first designated Paddington in 1982 as a preferred location for large scale office development. And there is still more to come.

In the past 12 months two giant commercial schemes intended to provide 3m sq ft of offices plus shops, cafes, small craft units and some 450 flats have become entrapped in the backlash of Westminster City Council's "homes for votes" scandal.

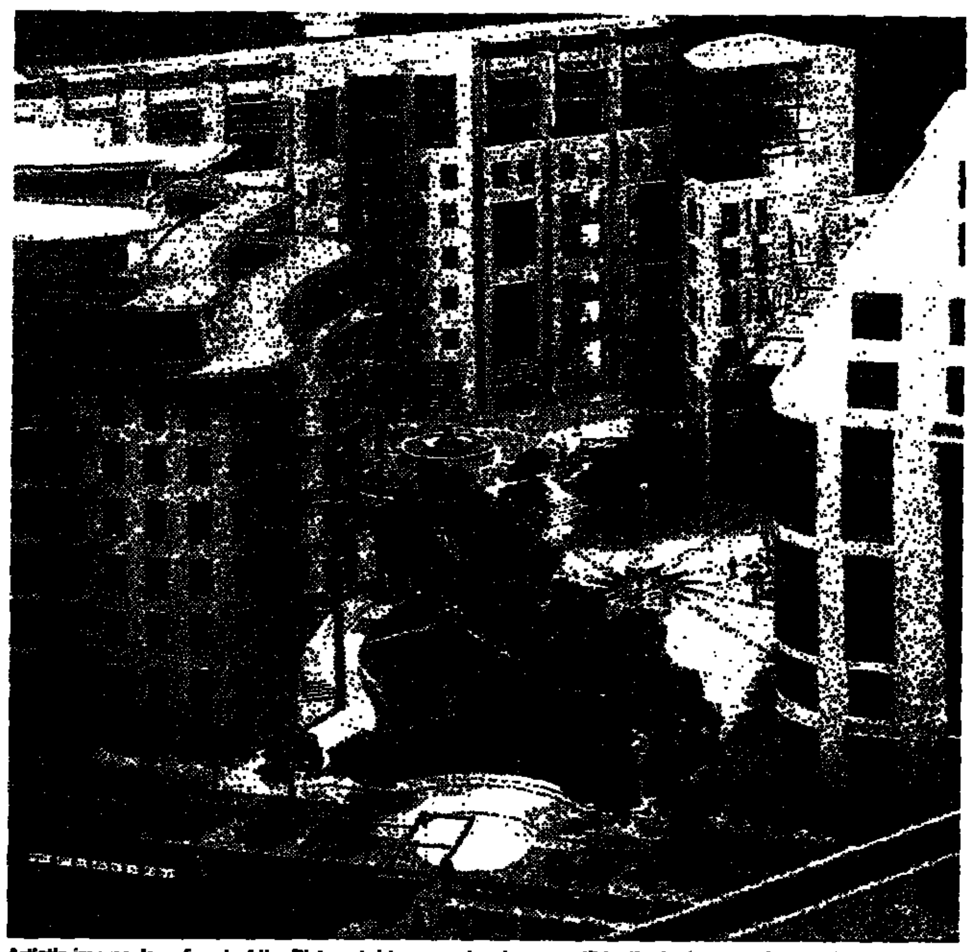
Paddington Station, a Grade 1 listed building, has been put on the market as one of the dozen or so stations for which Railtrack is required to find new owners under rail privatisation. Crossrail, the new Underground link between West and East London through Paddington, has either been scrapped or sent back to the drawing board. St Mary's Hospital's rebuilding plans are on ice while it waits to learn its fate in the reorganisation of central London hospital services.

Only one of the private sector schemes – the entirely self-contained and independent extension of the Metropole Hotel on Edgware Road – is actually under way. Meanwhile, the public sector must content itself with progress on the London Heathrow Express; the rather more important Crossrail project was on, then off and, if it may be on again, it won't be just yet.

Whatever their cause, the delays are acutely frustrating to planners, property developers and local residents who are united – if only in the general principle – in the need to eliminate the present tattiness. However, as 1994 moves into its final quarter, there is reason to hope that not all the Paddington plans may be irreparably stalled.

Imperceptibly, perhaps, the two commercial schemes are starting to move ahead. Bishopsbridge, the joint venture between NFC and Regalian to develop the 13.5-acre Paddington Goods Yard north of the station, claims to be more advanced than its nearby rival, the Trafalgar House/ British Waterways redevelopment round Paddington Basin at the head of the Grand Union Canal. That is debatable.

Paddington Basin with St Mary's Hospital on the right: residents and developers agree on the need to get rid of the tattiness



Artist's impression of part of the Bishopsbridge complex: imperceptibly, the logjam may be starting to break

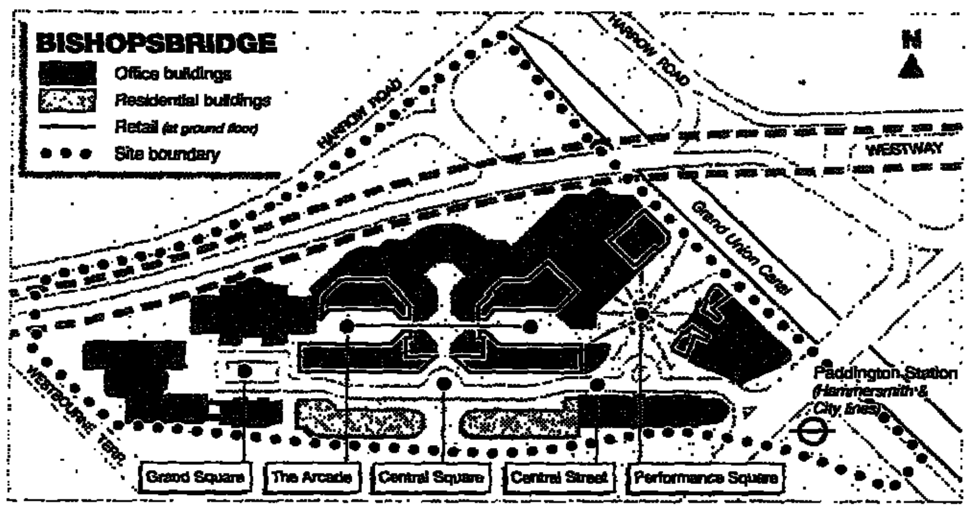
Bishopsbridge was "launched" at the end of August four months after it received outline planning consent from Westminster Council. But the "launch" amounted to no more than inviting a few more interested parties to visit the showroom in Mayfair which had been open for the past two years.

The schemes' biggest gamble is the extent of future demand for office space in Paddington

Moreover, as NFC and Regalian already know to their cost, the gulf between outline and detailed permission can be difficult to bridge. A public inquiry after an earlier outline had been approved in 1989 meant a major rethink of the original scheme. The current artist's perspective and perspex model cannot be relied on as an accurate guide to the final appearance of the buildings.

In that respect Trafalgar House may be slightly further ahead. In early September, it was in the final two weeks of negotiations with Westminster planners which would underpin its detailed planning application. The pretty pictures which Trafalgar is touting may, therefore, be closer to the future reality.

But both have a long way to go before being set in stone. Trafalgar has not yet assembled its entire site; some owners remain to be bought out. Grainhurst (the vehicle for the Bishopsbridge scheme) has a vacant, but difficult, gully of a site to tie in with Paddington Station and the proposed new Underground station it must pay for as a condition of its planning permission.



Meanwhile, both developers must bite their knuckles while they await the verdict of two independent investigations into whether the consents they have received had "contaminated motives". The District Auditor and a retired former County Planning Officer for Shropshire are both searching to see whether the council's housing policy has been based on sound planning principles or "contaminated", like the designated house sale programme, by gerrymandering.

Property professionals with no axe to grind are confident that the plans will win a clean bill of health. They point out that Westminster's insistence on mixed use developments in the Paddington area has a consistent history which relates to a transport policy of minimising traffic increases.

Even if that is so, the two schemes then face their biggest gamble: the extent of future demand for office space in Paddington. With Bishopsbridge designed to provide 1.4m sq ft of offices and Paddington Basin more than 1.5m, the two schemes combined will amount to the largest West End development since the Second World War. And they are in an area which has always rebuffed developers' ambitions to push the West End westwards.

Some think that St Mary's plans for a 950,000 sq ft terrace of offices on its western boundary (which would pay for new hospital buildings to the east) were ambitious enough for such a fringe area.

Grainhurst cites the example of Broadgate which sceptics were adamant could not breach the City's northern boundary. Its executives also draw encouragement from research the company commissioned from the City University Business School. That shows that the top 10 agents in the West End agree that a shortage of top specification space is imminent, however long the hangover of substandard space remains.

According to the consensus, less than one year's supply of prime space remains available and no new building over 100,000 sq ft. Given that West End stock has traditionally been in small buildings and the council wants to push large space users to the Paddington Special Policy Area, this must be cause for optimism. However, it has yet to translate into firm good news. Neither Trafalgar nor Grainhurst are close to a pre-letting which would persuade them to push ahead to the construction stage.

No one doubts the area's main commercial attraction; its already excellent westwards connections will be further enhanced by the Heathrow Express Railway. With construction well under way the railway looks likely to meet its most recent completion target – December 1997.

A journey time of just 17 minutes to Heathrow should impress international companies which do not need a prime Mayfair location but seek a relatively central position. But will enough of them want to locate in a deep dip beneath the Westway (Bishopsbridge) or in Trafalgar's community-oriented enclave on the edge of the Edgware Road?

Building work for the new Warner Bros store on Regent Street

Complex factors refresh the retail sector, writes **David Lawson**

Bugs Bunny and the IRA

An unlikely alliance between a lunatic rabbit, several designer labels, Northern Ireland's peacemakers and a gang of roadworkers is dragging Britain's largest shopping centre out of deep gloom.

In the furore about the impact of out-of-town shopping on city centres, problems faced by London's West End have been pushed to the sidelines.

That, perhaps, is just as well, as the crisis is now fading. Rents have bounced back to near-boom levels and empty spaces filled as retailers no longer scramble to escape crippling overheads.

The problems – as in much of the property market – arose from the Age of Excess. Retailers measure occupation costs according to the front 30ft of their premises. Rents during the 1980s for this "zone A" space soared to £350 a sq ft in Oxford Street and £175 in Regent Street.

Then came the crash and a flurry of liquidations. Landlords were forced to repossess and try reletting at market levels, says Chris Austin of Hillier Parker. By 1992, rents were down to £250 and £150 respectively.

Knightsbridge saw an even more spectacular boom and crash, with Sloane Street racing from £55 in 1981 to a £400 by 1989 as it assumed the mantle of a fashion centre. "This was never sustainable," says John Buckingham of Jones Lang Wootton. Values almost halved in the slump, although Brompton Road is probably still the most expensive West End location.

Then the strange alliance raced to the rescue. Bugs Bunny is setting up shop in the new Warner Bros store on Regent Street, part of a stream of flagship lettings to speciality retailers. One site is being let for more than £175 – breaking the 1989 rent record, says Mr Austin. This is partly due to a recovering economy but also because of aggressive management by the Crown Estate, which owns the street.

Rents are returning to high levels and empty spaces are being filled

Several million pounds have gone into improving the pavements and lighting. A careful policy of tenant selection has also begun to dispel the boredom of "dead" frontages from airline and similar premises.

Only a handful of units remain empty and the transformation has impacted on investment. Hamleys is understood to have sold its lease for around £18.5m to a Dutch fund, showing a yield of less than 5.5 per cent. Meanwhile, Gucci has helped turn Bond Street back into an international attraction after moving to new premises, says Mr Buckingham.

Versace confirmed the revival by taking the old Midland Bank premises and Fahey has slotted between Asprey and Hermes, paying Meteor Properties around £600,000 a year for the former Air France space. Donna Karen New York is the latest fashion name to move in, taking the old Gucci store, now transformed by the new Japanese owner. Development is also happening, despite the fact that rents are static at around £200 a sq ft.

CIS is renovating its section of the street after years of inaction and London & Regional has paid £8.75m for possible redevelopment of the former Refuge Assurance holding. Scottish Widows also has a scheme for the Oxford Street end, all of which will enliven an image blighted by empty windows.

Another long-awaited transformation is happening in Oxford Street, where Westminster Council road gangs are widening pavements and generally giving one of the world's most famous shopping streets an appearance it deserves. If the Ulster ceasefire holds, this could coincide with a revival in trade from tourists put off by bomb fears.

Rent growth normally lags a year or two behind tourism figures, but this time any increase would be icing on a cake already baked by rising domestic demand. Tesco has seen its new Metro store turn into a roaring success and probably wishes it could have also taken the neighbouring unit. This is said to be the only vacant prime pitch west of Oxford Circus but is already reserved.

The likely rent of more than £270 a sq ft shows how Oxford Street shopping has climbed back off the floor. There are still businesses who would like to escape rent levels set at the peak of the boom but they, too, face some relief. Next April new business rates come into force, and bills could drop 15 per cent in Oxford Street and as much as 40 per cent in Sloane Street. Investors are also betting on growth. Despite Burford's highly conservative spending strategy, it beat off several other potential buyers by paying £94m for the Trocadero on Piccadilly Circus, perhaps the most popular tourist shopping and entertainment pitch in London.

With long-term finance now in place, chairman Nigel Wray might be forgiven for sitting back and enjoying the 9 per cent return. But he has bold plans to increase the current estimate of 14m visitors a year, with bold plans for the 120,000 sq ft of remaining space. The impact should ripple out to boost values in the surrounding shopping.

The Versace store on Bond Street

Golden Square, Soho: recovering gradually and painfully from the Age of Excess

■ FINANCE

UK institutions take the slack

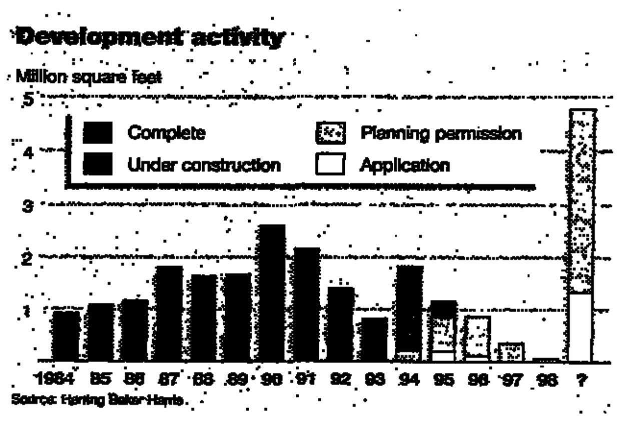
Today's West End investment market is very different from that of the early 1990s, leading West End agents agree.

Foreign investors have ceased to be the driving force; pension funds are a declining influence; bank financing through mortgages has given way to cash purchases; but, paradoxically, some long term institutional funders are happy for developers to blow the dust off long-stalled schemes.

Most important of all, UK institutions are back, keen not to miss the rental growth they now believe is coming.

Foreign investment peaked in 1990. "The light went on when the UK left the ERM," says Stephen Hubbard of Richard Ellis. In that year foreigners were the market, accounting for 90 per cent of all activity. High yields, which moved in line with interest rates, created a bond-style market in property with which foreigners were familiar. UK institutions, by contrast, were dismayed at the absence of growth potential.

Foreign buyers could not continue to dominate such a big market for long, of course. By 1992, their influence had dropped back to 80 per cent. Last year, as the market began to recover its nerve, the foreign figure was down to 64 per cent and in the first half of this year had fallen back to perhaps 40 per cent.



Source: Healey & Baker-Hayes

Middle Eastern investors continue to remain interested; they have been a permanent feature of the market for many years, as have the Dutch pension funds. The Germans, however, appear to be digesting the West End properties they snapped up so enthusiastically at the start of the decade. As for the promised influx of US money, it remains a case of "Will they, won't they?"

Far Eastern investors are more reliable; Jones Lang Wootton expects them to account for as much as £200m of the £1bn likely to be spent in the West End this year. Far Eastern investors, for instance, are thought to have paid around £30m for Trevelyan House, though that was perhaps atypically large.

The investment market as a whole went very quiet over the summer. "Not a lot happened in August," Mr Hubbard noted, while JLW was predicting little more than £100m of new deals would be sewn up in the third quarter.

In early September fourth quarter prospects were beginning to look more active, especially for deals around or under £10m. But will the picture change again if investors perceive interest rates to be on the rise once more?

Before the Chancellor raised interest rates in mid month, Richard Ellis's Mr Hubbard was confident that "the ingredients are there for rental growth". His counterpart at rival JLW, John Stephen, was even prepared to go public with a prediction that "rents will go well over £50 per square foot during 1995". (The current peak is thought to be the £42.50 paid by J.P. Morgan for the headlease on Almack House in St James's.)

But both agree that the recovery so far is only patchy and investors' confidence will only be sustained if that rental growth starts showing through. They have had enough of promises.

Promise, however, is spurring on a number of developments. Prudential, for instance, is showing signs of activity over its four-acre Portcullis project in Knightsbridge which has lain fallow for some years; and Norwich Union has woken up in Golden Square in Soho.

They and other developers are encouraged as much by the shortage of investment grade properties in an area dominated by small, listed buildings, as by hard evidence that rents have begun to rise.

Yields have been hardening on office property but the trend has been sharper and hascome earlier on prime retail space. Agents Healey & Baker report yields of between 4.5 and 5 per cent in Oxford Street west of Oxford Circus and as low as 6 per cent even east of Marks & Spencer's Pantheon site beyond which tenant quality falls off dramatically.

H & B's Tim Sketchley even predicts that the north side of Oxford Street East will show the greatest improvement in both yields and rents.

Part of the reason lies in the historic concentration of properties in this stretch into just a few long-term hands such as Grand Metropolitan, London & Manchester and Standard Life.

But a new factor is the imminent redevelopment of the Virgin Megastore for £90m.

Once Virgin and Grand Met agreed the details, Grand Met put the property on the market as a completed and fully let development. Contracts should be exchanged very shortly at a price expected to reflect the rejuvenation the rebuilding will create.

Longer term, the quality of the far east end of Oxford Street will also improve when London Underground completes the upgrading of the Charing Cross Road entrance to Tottenham Court Road station. Oxford Street has always been a cyclical market, dependent on tourism as well as domestic consumer cycles. Today's top rents – £240 per square foot Zone A, west of the Circus – are just the same as they were in 1979 and a long way from the early 1980s peak of £350.

But Mr Sketchley confirms that they are in a steep upward phase at present. On those grounds – and with the boost from the Megastore and Underground improvement – he is confident that rents of £100 to £140 in the eastern stretch will soon be historic and deals will produce benchmark yields.

The buyers prepared to pay such prices will most likely be British (no offence to Irish Life which recently acquired a site just west of the Pantheon at a price reflecting a 5 per cent yield). As with offices, foreign investors are now taking more of a back seat in the retail investment market.

Christine Moir

The West End is as much an idea as a clearly defined area, writes **David Lawson**

The property market draws the map

The West End is a fiction. It is accepted as one of the world's largest business centres but no-one can agree exactly where it begins and ends. It exists only as an indeterminate swathe lying west of Whitehall and north of the Thames.

Borders change according to the state of the market – or the views of whoever is drawing the map. Tenants widened their search for space during the boom, so King's Cross and Paddington were drawn into this amorphous mass in the tidal wave of surveys produced by agents. Jones Lang Wootton has even crossed the river into Lambeth – a sort of South-West End – since the heightening of interest around Waterloo Station.

Demand and supply figures therefore need to be treated carefully. Knight Frank & Rutley, for instance, says take-up fell from 1m sqft to 646,000 sq ft in the three months to June, while supply fell 15 per cent from just under 8m to 6.7m sq ft. JLW, on the other hand, puts take-up at 685,000 sq ft with supply down 2 per cent at 8.76m sq ft.

Overall figures are relatively meaningless anyway. "It is far more useful to look at what is happening in specific areas," says Philip Dawe of Herring Baker Harris. "The West End is not one single entity but a collection of markets."

● *MAYFAIR/ST JAMES'S*, the core area, is in greatest demand from high-profile tenants. It sets the tone for the West End: "What happens here today affects the rest of area tomorrow," says Mr Dawe.

The West End is not a single market but a collection of entities

One key happening was the letting of Almack House to J P Morgan, according to James Birkett of Richard Ellis. This was one of only a handful of 100,000 sq ft-plus buildings left in the whole West End, and must make other tenants looking for headquarters feel distinctly nervous about what they will have to pay in future.

The 40 a sq ft headline rent, while well below the 70 peak achieved in the boom, sets a benchmark for valuing other space. "It also reveals proven demand in a market where there is very little space," adds Birkett's colleague John Olney.

That is one more factor which could get development moving again after a long hiatus. So is the creeping erosion of a vast rump of second-hand space. Rents have crept up from £30 to as much as £35 a sq ft in buildings such as Lansdowne House and Berkeley Square House over the last six months.

The Prudential was encouraged enough to started work on 55,000 sq ft of speculative development at 30 Berkeley Square, which it considered selling 18 months ago. That might be thought a key move, as institutions hold a near-monopoly of prime sites and buildings, leaving developers with little chance of muscling in. Any big surge of development is likely to be in 1995 rather than this year, however.

"There are not enough deals at good headline rents to convince investors," says Paul Yearley of JLW. But pressure is rising as landlords notice that rent-free periods have dropped from more than two years to around 18 months.

With a few more lettings, they will have enough evidence to move - and they could be already in train. Pearson, for instance, which owns the *Financial Times*, is understood to have offered Scottish Widows around £35 a sq ft to put Lazards into the 40,000 refurbishment in Burlington Gardens.

● *SOHO and COVENT GARDEN* stand next in the queue for reassessment, with rents rising for the first time in five years, says Mr Birkett. The main thrust comes from media companies which shed space early in the recession. "They are now lean, mean and hiring again – but have no space," says Mr Yearley.

CD & P had to fight off three other advertising agencies to take a sub-let of 40,000 sq ft in Aquila House, Soho Square, from the Pru. There are doubts, however, whether media groups will pay the new going rate for space. While rents rose to £50 in the peak, real levels are now half this amount, says Philip Dawe. "The industry is notoriously cost-conscious," he says. "It is difficult to see groups like publishers going above the £35 level needed to justify new space."

Dormeuil House, an 80,000 sq ft block going up in Golden Square, could test the industry's confidence and courage, as this is likely to be priced at more than £30 a sq ft.

One alternative is to move out of their traditional stamping ground.

● *VICTORIA* has already laid claim as the new media centre, says Mr Yearley. Channel 4 built its own HQ in Horseferry Road, which is bound to gather like-minded production and publishing companies. Advertising agency DMB&B is thought to be paying around £25 a sq ft for the 80,000 sq ft released by Tiphook in 123 Buckingham Palace Road and the Press Association is understood to be buying Bank Paribas' 40,000 sq ft Denison House in Vauxhall Bridge Road for more than £10m.

TOP RENTAL NORMS (£/sq ft per annum)

	1990 (Dec)	1993 (Dec)	1994 (June)
Mayfair	70.00	40.00	40.00
St James's	70.00	40.00	40.00
Soho	50.00	20.00	22.50
Covent Gdn/Strand	57.50	25.00	27.50
Victoria/Belgravia	55.00	25.00	27.50
Northern (west)	55.00	22.50	22.50
Northern (east)	47.50	20.00	20.00

Source: Richard Ellis, August 1994

Some developers are well set to tap the spillover from Mayfair and Covent Garden because they have started construction early in the cycle. Land Securities has 50,000 sq ft underway at 25 Victoria Street, CIS is preparing to start 60,000 sq ft in Wilton Street and Chesterfield Properties has an 80,000 sq ft refurbishment in Vauxhall Bridge Road.

The vacancy level in Victoria of 8 per cent is the lowest in the West End, says Herring Baker Harris, but with rents static at around £27.50 a sq ft there is little incentive for more new development. Victoria may have broken out of its traditional second-tier role, however. Salomon Brothers has voted to stay in the area by paying £80m for its lease on Victoria Place, showing that this is a viable location for a leading financial group.

Ian Noble of Cluttons points out that there is still more than 1m sq ft of space – much of it second-hand – on the market. That is bound to muffle the impact of demand on rents. Prime new space is hard to find, however, which means Victoria is back at the top of its traditional two-tier market.

● *NORTH of OXFORD ST*, the opposite fringe of the West End, there is more strong competition for tenants, particularly the half dozen or so advertising agencies in the market for between 20,000 and 80,000 sq ft, according to Brien Martin of Imry.

There is plenty of piecemeal, substandard accommodation, but few quality blocks with strong identities, he says, which is the rationale behind his company's 23,000 sq ft refurbishment of 54 Baker Street. But hefty competition will come from schemes such as CIN's 130,000 sq ft renovation of 33 Cavendish Square and the glossy new 40,000 sq ft being built by AXA Equity and Law at Wigmore Street.

These are exceptions to the rule, however. Rents of around £22.50 a sq ft are again too low to stimulate much development. But Jonathon Evans of KFR says the ever-tightening market in the core will spin off demand to the fringes, just as it did in the boom.

If, as is likely, development lags the revival of demand for large buildings, tenants may even spin as far as:

● *EUSTON ROAD*, where Hammerson hopes to catch them with open arms in Marathon House – providing the tenant does not take on a short-term renewal of the lease as rumoured.

Perhaps the best sign of better things to come, however, is the £35 a sq ft being asked by British Land for 60,000 sq ft of renovated space in Regent's Place, the new name for the Euston Centre. Its chairman, John Ritblat, rarely calls the market wrongly. If he thinks that will pull in the tenants, perhaps the West End is on the verge of recovery after all.

David Lawson looks at some of the principal occupants and their requirements

Government offices head the list

Ambitious plans in the 1980s for decentralising ministries to high-unemployment areas sent shivers through the property market. Government bodies occupy around a third of all West End offices. They also tend to have the biggest buildings – which can be the hardest to re-let.

Further threats came from the Next Steps programme, aimed at forcing semi-privatised departments to cut costs – particularly rents. But Armageddon has failed to arrive. In fact, government take-up is running at similar levels to a decade ago.

The private sector appears just as reluctant to decamp. When Herring Baker Harris (HBH) polled six major sectors forming around a quarter of tenants, all but one insisted that a West End address was essential. They all had different reasons; retailers and foreign banks cited need to be close to clients, while oil and advertising companies voted mainly for ease of communications. Management consultants put both these factors on a par with access to skilled labour.

Number 33, Cavendish Square: a declining fear of decentralisation

Having a presence is less important than how much space each will take in the future, however. And that rests on even more complex factors affecting each sector.

Government is obviously the most crucial player, particularly in Victoria where it accounted for more than 40 per cent of take-up in the last decade, says HBH. A single decision helped give the local market an edge of respectability in the last 12 months. The Cabinet decided not to relocate two major departments to Canary Wharf when their Marsham Street headquarters are demolished.

Instead, the DoE will have its own environmentally-friendly, 250,000 sq ft home built by Land Securities on the site of Elland House, while the DoT has taken 220,000 sq ft in Horseferry Road. Along with the letting of Portland House to the Crown Prosecution Service, that almost used up Victoria's current stock of prime big buildings.

The Defence Ministry, a Bloomsbury occupier, could have the opposite effect by halving its workforce, but the government will continue to be a major overall force in future, says HBH. "There is unlikely to be a significant reduction as new agencies, departments and quangos continue to be established and take up space released through rationalisation, says the firm in its report Thriving in the Midst of Plenty.

Oil is the next largest sector, with 56 companies occupying 2.3m sq ft – around 6 per cent of the West End stock. While most companies want to keep a presence, this appears likely to be much smaller. Mobil, Total, Chevron and Conoco are among big names either moving out of London or reassessing space demands. Victoria, which is still home to more than a quarter of the sector, will feel the draught most keenly.

Telecommunications is also set for decline. It is the only sector which does not believe a West End location is important and, with 5 per cent of the office stock, this could have important repercussions.

BT is the driving force, with the lion's share of both the industry and office space. The company is determined to cut its workforce by more than 100,000 by 1997, but an even bigger knife will slash the national property estate from almost 50m to 7m sq ft.

That casts a shadow over 25 West End centres comprising around 1m sq ft. Even if they survive, it is likely that most will shift out of central London.

Some 80 advertising agencies occupy around 4 per cent of the area's office space. The large majority are in Soho, Covent Garden or north of Oxford Street, mainly in buildings of less than 50,000 sq ft. This sector is among the most dedicated to the West End, despite one or two important moves to places such as Docklands. While recovery is bringing demand for more space, HBH forecasts further rationalisation through mergers and takeovers, with any expansion limited to small setups.

Retailers are also set for fundamental changes. They, too, occupy around 1.5m sq ft of offices as an administrative back-up to the country's largest shopping centre. But this will decline as new technology reduces staff required for tasks such as sales forecasting and analysis.

Headquarters will shrink and computing services relocate out of central London. That will leave many companies with the difficulty of getting rid of space tied into long leases.

More than 90 foreign banks occupy a similar total space as retailers, and mainly in the same areas of St James's and Mayfair. New ones are expected to emerge, but just like most existing setups they are likely to be small operations.

This is another sector committed to the West End, but any return to rent increases could see back-office space decamping to cheaper locations. Management consultancies are the final piece in the jigsaw, covering a wide variety of services. But despite rapid growth in the 1980s, they make up only around 1 per cent of West End space. While demand will grow from both larger agencies and boutique offices, the scale is unlikely to be significant.

Government therefore appears to have a key role in the future of the West End. While other sectors are set to remain stable or decline, Whitehall's appetite for space should keep growing.

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COMMODITIES AND AGRICULTURE

Wheat stocks set for 14-year low

By Deborah Hargreaves

World wheat stocks are set to fall to their lowest level for 14 years after a drop in international output this year together with a continued rise in consumption, according to the latest report by the International Wheat Council.

The IWC has cut its estimate of world stocks at the end of the 1994-1995 season from 114m tonnes to 107m tonnes – the smallest carry-over since 1980. This compares with a carry-over of 129m tonnes from 1993-1994.

"The international supply position for wheat continues to tighten," the report says. The wheat council's latest estimate for world production in 1994-1995 is 2m tonnes lower than a month ago at 534m tonnes, which compares with 558m tonnes in 1993-1994.

Falling production and stock levels have pushed world wheat prices higher in the past few months by at least $20 to $130-$135 a tonne. This was against a background of improved prospects for trade, especially with China, and a further trimming of estimated supplies in drought-affected Australia, as well as in Canada, where stocks are also low.

But the IWC says that the fall in stock levels will not necessarily mean serious wheat shortages in future. The northern hemisphere is now making planting decisions on the basis of current high wheat prices.

Controversy continues to dog EU banana regime

Alison Maitland reports on a problem highlighted by storm damage to the Windward Islands' crops

The storms that devastated banana crops in the Windward Islands earlier this month have focused fresh attention on the controversy surrounding the European Union's new banana import regime.

The tropical storm is estimated to have cut output from the eastern Caribbean islands by about 40 per cent. They normally produce about 290,000 tonnes of bananas a year, which go mainly to the UK.

Geest, the main importer from the islands, wants the European Commission to allow it to import alternative supplies from Latin America to make up the shortfall, treating them as if they were Windward Islands' produce and therefore entitled to duty-free entry to the EU.

So-called dollar bananas from Latin America, where production costs are much lower, are subject to strict quotas and tariffs under the import regime introduced by the EU in July last year.

Ms Clare Wenner, Geest external affairs director, says the apparent inability to make such transfers between production areas in the event of a natural disaster is a "major deficiency" in the new regime.

Geest, which imports half its bananas from the islands and half from Latin America, is concerned that the Windwards may lose market share permanently, she says. "We want there to be allowed to have some mechanism whereby replacement bananas can be sourced as if they were Windward Islands bananas."

The UK group is hoping for backing from the French, because the storms caused serious damage in Martinique, one of their main Caribbean suppliers. Output there is expected to be down by at least 40 per cent, and possibly much more.

However, the European Commission is believed to be reluctant to consider changes because this could be used by Germany, a fierce opponent of the regime, as an opportunity to renegotiate the whole basis of the regime.

"The commission is terrified of bringing forward amendments," said one national official close to the negotiations.

Germany, which argues that the regime discriminates against its traditional suppliers in Latin America, is taking a second case to the European Court challenging the quotas. Final judgment in its first case is due on October 6, but the court's advocate general has recommended its rejection.

The commission has increased the quota for Latin American banana imports by 118,000 tonnes this year to 2.118m tonnes, but this is to take account of an increase in consumption. The situation in the Windward Isles is still under consideration and is expected to be discussed by the commission's banana committee on October 5.

"We have to assess the damage and see what would be the best way to help them economically," an official said.

Meanwhile, the regime faces another threat from the US, where banana exporters have filed for Mr Mickey Kantor, the trade representative, to launch a formal investigation into the new regime. The exporters, Chiquita Brands International and the Hawaii Banana Industry Association, claim it is damaging their interests by discriminating against US companies in favour of European ones in its allocation of eligibility for import licences.

They are also unhappy about an agreement between the EU and four key Latin American producers – Costa Rica, Colombia, Nicaragua and Venezuela – which is due to be implemented on October 1. It grants these countries specific quotas based on their past share of the market, within an overall ceiling of 2.1m tonnes of bananas from Latin America this year – up from 2m tonnes.

The US exporters say it gives the four signatories preferential access to the EU market.

However, the regime is specifically designed to ensure that bananas from former colonies in Africa, the Caribbean and the Pacific (ACP) continue to find a market in the EU as part of member states' obligations under the Lomé trade and aid convention.

It allocates 30 per cent of import licences to traders on the basis of past trade in ACP bananas, 60 per cent on the basis of past trade in Latin American bananas, and 10 per cent to newcomers and traders in EU bananas.

MARKET REPORT

Coffee rally halted

London COFFEE futures ended a see-saw session in the minus column yesterday. Having reached a near-9-year high of $4,140 a tonne in the morning the November position closed at $4,055, down $36 on balance.

One dealer explained that early expectations that prices would move higher, continuing the rally of recent weeks, had given way to a "sense of disappointment" and light liquidation.

At the London Metal Exchange a slight retracement in both COPPER and ALUMINIUM took most of the other base metals off the boil by the close of business.

Dealers said copper was now looking to overcome its recent high of $2,550 a tonne, for three months delivery, to spark further gains and confirm its perceived upside potential.

Three months aluminium edged up to a fresh 3¾-year high of $1,626 a tonne on bouts of speculative buying and short-covering before slipping under light producer selling and profit-taking to close at $1,623.50, down 50 cents on balance.

Compiled from Reuters

Lobbyists bring Australian uranium debate back to the surface

The issue could be raised from the floor at the ruling Labor Party's conference in Hobart next week, writes **Nikki Tait**

Could Australia be about to relax its constraint on uranium mining, which limits production to three mine sites?

The question has arisen with the approach of the ruling Australian Labor Party's impending national conference in Hobart, Tasmania, next week. Uranium policy is not on the formal agenda but there is a real possibility that uranium supporters will raise the issue from the floor, to urge modifications.

Over recent weeks, intense background lobbying has been under way. On the mining side, the Uranium Producers Group has commissioned Access Economics, a forecasting and consultancy organisation, to assess the implications of expanding the industry. Environmentalists, by contrast, have taken to the streets, demonstrating outside state ALP headquarters and warning of voter defections to minor parties if the rules do shift. Aboriginal representatives have also been voicing their case, both in the Northern Territory and in Canberra.

Australia's current uranium policy dates back to the early 1980s, when the ALP moved away from its stated aim of banning uranium mining altogether and endorsed a new mine at Roxby Downs, in South Australia, where uranium was to be produced alongside copper and other metals. The party came to power the following year.

After some internal battles, the "three mines policy" evolved. Essentially, this limits uranium production to the Ranger mine in the Northern Territory, operated by Energy Resources of Australia (which, in turn, is controlled by North Broken Hill Peko); Roxby Downs/Olympic Dam, which is now wholly-owned by Western Mining Corporation; and at Nabarlek, in Queensland.

However, Nabarlek has been worked out, and finished the processing and exporting of stockpiled ore in 1990. This, advocates of a more permissive approach argue, means that the "three mines" policy has become a nonsense.

Australia, they point out, has about 30 per cent of the western world's low-cost uranium reserves, yet produces only about 10 per cent of western output. This contrasts sharply with Canada's share of 40 per cent, derived from only about 18 per cent of reserves.

In its study, Access Economics estimates that output from known deposits could almost double the country's production over the next 10 years if the "three mines policy" was abandoned. Australia, it predicts, could come to account for 30 per cent of western output by 2004.

Such expansion would have two favourable consequences. Firstly, export earnings would rise significantly, from A$120.2m (£56m) – excluding government stockpile sales – in 1994, to A$752.6m – in 1994 price terms – in a decade's time. Secondly, the economic benefits would accrue mainly to Western Australia and the Northern Territory. (The deposits most likely to be assessed in the event of a change in ALP policy are North Ranger/Jabiluka in the NT; WMC's Yeelirrie in WA; Kintyre, also in WA and owned by CRA; and Koongarra in the NT).

"The value of NT uranium exports in 1994 prices would be over A$450m in 2004, or equal to more than 10 per cent of the current total output of the NT," the Access report suggests.

Anti-nuclear campaigners see things very differently. Greenpeace, the environmental group, has countered with its own report, which argues that Australia's bilateral trade agreements give "advance generic consent" for plutonium to be separated from Australian-sourced uranium and used or stockpiled in pre-approved facilities, and that government assurances that Australian-sourced uranium and plutonium will be used for peaceful purposes cannot be guaranteed.

Accident risks, it adds, may not be so far away. The report raises the possibility that Australian uranium may eventually be sold to Indonesia, which despite its considerable coal reserves, seems anxious to build a number of nuclear power reactors. Expanding trade and diplomatic relations with Indonesia is a key element in the Keating government's effort forge a meaningful role in the Asia-Pacific region. But, Greenpeace argues: "The site of the first of these proposed reactors is in an area of high seismic activity, increasing the risk of an accident that could spread radioactive contamination over much of South-east Asia, including Australia".

Meanwhile, Australia's indigenous community appears to be divided on the issue. Any development of large Koongarra deposit in the Northern Territory – jointly owned by Canada's Denison and Cogema, the French nuclear fuels agency – would allow the "traditional owners" of the mine site to earn a significant economic interest in the project.

Accordingly, some members of the Northern Land Council, which represents aboriginal interests in the region, have urged a relaxation of the current three mines policy. But it is unclear whether this stance is representative of opinion within the broader indigenous community: "The majority of people have not been given the opportunity or the information to make an informed opinion on whether we do or do not want uranium mining," Mr John Christopherson, an executive member of the NLC from West Arnham Land, said in Canberra this week.

In the midst of the ideological debate, the commercial considerations are sometimes overlooked. There is currently an oversupply situation in the uranium market, and spot prices, which stood at over US$40 a pound in the late 1970s, have fallen to quarter of that level. The Access report suggests that excess commercial inventories will disappear by the end of this decade, although it admits that estimates of when this might happen differ, and that western governments will be loathe to become too dependant on non-western supplies.

Other analysts tend to agree – although they also warn that the timing is hard to predict. "If you're asking will it be economic to expand production, the answer is probably 'yes,'" comments one analyst at Sydney-based AME Mineral Economics, for example. "If the three-mines policy was removed, it wouldn't be 'open-go', but there are two or three ore bodies which would be reviewed, with companies looking to long-term contracts."

Finally, there is the question of whether the issue will be raised at all. Any debate would come towards the end of next week's conference, and in the factional wheeling and dealing that goes on, uranium policy could yet fall by the wayside. Public opinion polls suggest that Australians tend to support the retention of a "three mines" policy – although not by a vast margin - so the domestic political advantage in unleashing the issue may not be high.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1601-2	1623-4
Previous	1600-01	1623.5-4.5
High/low		1624/1619
AM Official	1598-9	1620-1
Kerb close		1620-2
Open int.	251,013	
Total daily turnover	36,197	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1650-60	1670-5
Previous	1633-8	1653-8
High/low		1670/1645
AM Official	1620-5	1640-5
Kerb close		1670-5
Open int.	2,977	
Total daily turnover	588	

■ LEAD ($ per tonne)

Close	610-1	624-4.5
Previous	611-2	625-6
High/low	609.5/609	626/624
AM Official	609-9.5	624-4.5
Kerb close		623-4
Open int.	40,630	
Total daily turnover	2,238	

■ NICKEL ($ per tonne)

Close	6405-10	6505-10
Previous	6435-45	6535-40
High/low	6410/6400	6540/6470
AM Official	6395-400	6500-5
Kerb close		6475-80
Open int.	66,304	
Total daily turnover	9,995	

■ TIN ($ per tonne)

Close	5325-30	5400-05
Previous	5310-20	5390-5
High/low	5325	5420/5380
AM Official	5325-30	5395-400
Kerb close		5390-400
Open int.	16,572	
Total daily turnover	3,006	

■ ZINC, special high grade ($ per tonne)

Close	999-1000	1022-3
Previous	1001.5-2.0	1025-6
High/low		1027/1020
AM Official	1000-0.5	1023-3.5
Kerb close		1021-2
Open int.	97,914	
Total daily turnover	11,634	

■ COPPER, grade A ($ per tonne)

Close	2519.5-20.5	2537-8
Previous	2518-9	2537-8
High/low	2520	2541/2535
AM Official	2520-1	2538.5-9.0
Kerb close		2537-7.5
Open int.	210,231	
Total daily turnover	37,312	

■ LME AM Official £/$ rate: 1.5765
LME Closing £/$ rate: 1.5740

Spot:1.5765 3 mths:1.5743 6 mths:1.5712 9 mths:1.5653

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Sep	124.95	+2.80	125.00	121.80	3,028	455
Oct	119.85	+1.10	120.00	116.80	1,974	62
Nov	118.30	+0.70	-	-	719	1
Dec	117.50	+0.50	117.70	116.70	43,501	6,299
Jan	116.90	+0.45	-	-	585	22
Feb	116.30	+0.40	-	-	456	13
Total					60,194	7,290

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	393.60-394.00	
Opening	393.60-394.00	
Morning fix	393.95	249.851
Afternoon fix	393.70	249.588
Day's High	394.30-394.70	
Day's Low	393.00-393.40	
Previous close	394.40-394.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.49	6 months	4.74
2 months	4.53	12 months	5.11
3 months	4.59		

Silver Fix	p/troy oz.	US cts equiv.
Spot	354.95	560.25
3 months	359.95	567.25
6 months	363.35	574.55
1 year	379.45	592.05

Gold Coins	$ price	£ equiv.
Krugerrand	393-396	252-255
Maple Leaf	404.60-407.00	-
New Sovereign	90-93	58-61

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Sep	395.4	+1.3	-	-	331	332
Oct	395.8	+1.2	395.8	393.6	5,651	1,391
Nov	397.4	+1.2	-	-	-	-
Dec	399.0	+1.2	399.2	396.8	108,214	32,624
Feb	402.3	+1.2	402.3	400.5	17,053	1,979
Apr	405.8	+1.2	406.0	404.1	7,221	596
Total					179,284	38,123

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Oct	421.4	+1.9	421.9	417.7	10,015	2,661
Jan	425.9	+2.0	426.5	422.5	9,939	1,170
Apr	429.2	+1.9	428.0	425.5	2,466	12
Jul	432.7	+1.9	-	-	466	1
Oct	435.4	+1.9	-	-	328	50
Total					23,214	3,894

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Sep	155.05	-0.20	-	-	30	-
Dec	157.05	+0.80	157.75	156.10	5,341	470
Mar	157.85	+0.85	158.50	157.50	1,005	22
Jun	158.85	+0.85	-	-	152	-
Total					6,528	492

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Sep	568.0	+7.4	560.0	559.0	258	60
Oct	569.3	+7.4	-	-	6	-
Nov	571.0	+7.3	-	-	88,732	17,184
Dec	573.5	+7.3	574.0	562.5	59	2
Jan	578.0	+7.3	573.0	566.5	9,796	705
Mar	581.9	+7.3	582.0	571.0	4,338	24
Total					116,969	18,624

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	17.28	+0.06	17.32	17.10	95,455	33,583
Dec	17.42	+0.04	17.46	17.27	62,731	14,597
Jan	17.54	+0.04	17.57	17.45	39,721	7,864
Feb	17.59	+0.02	17.62	17.50	20,886	1,547
Mar	17.65	+0.02	17.66	17.58	15,784	1,909
Apr	17.68	+0.01	17.70	17.59	11,299	791
Total					378,306	73,784

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	16.16	+0.15	16.18	15.88	62,296	16,109
Dec	16.22	+0.08	16.26	16.02	34,821	7,671
Jan	16.30	+0.04	16.33	16.15	12,225	1,750
Feb	16.30	+0.06	16.34	16.20	7,279	810
Mar	16.31	-0.02	16.36	16.23	7,034	690
Apr	16.32	-0.01	16.32	16.26	2,248	10
Total					130,841	28,814

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	47.90	+0.25	48.35	47.35	27,411	9,660
Nov	48.95	+0.21	49.05	48.45	27,401	5,225
Dec	50.15	+0.11	50.35	49.80	40,001	4,942
Jan	51.05	-0.07	51.25	50.75	27,938	2,397
Feb	51.60	+0.08	51.70	51.46	16,172	864
Mar	51.40	+0.28	51.40	51.10	11,918	1,615
Total					178,496	25,851

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	150.25	+0.75	150.50	148.25	33,869	6,475
Nov	153.00	+0.25	153.00	151.00	17,169	2,910
Dec	155.00	-	155.25	153.50	20,414	2,391
Jan	156.75	-0.25	157.00	155.25	14,406	1,224
Feb	157.75	-	157.75	156.60	5,051	510
Mar	157.50	-0.25	157.50	156.00	5,208	691
Total					104,817	14,431

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	1.432	-0.061	1.495	1.425	17,982	23,315
Nov	1.725	-0.036	1.770	1.721	31,159	13,922
Dec	2.005	-0.013	2.030	1.995	29,143	6,704
Jan	2.080	-0.003	2.100	2.070	15,323	1,913
Feb	2.015	-0.003	2.030	2.010	13,579	1,021
Mar	1.975	-	1.985	1.970	10,546	774
Total					163,995	51,787

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	45.80	+0.52	46.00	45.10	18,389	10,477
Nov	45.85	+0.42	46.00	45.20	20,358	6,209
Dec	52.50	+0.07	52.70	52.00	11,107	2,953
Jan	52.35	+0.07	52.60	52.25	8,486	834
Feb	53.00	+0.17	53.10	52.85	3,559	217
Mar	53.80	-0.08	53.90	53.80	1,159	259
Total					67,664	22,084

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	106.50	-0.05	106.75	106.50	58	34
Nov	106.95	+0.15	107.00	107.00	2,533	54
Jan	109.25	+0.45	109.25	109.00	1,882	9
Mar	111.20	+0.50	-	-	1,231	-
May	113.10	+0.20	113.00	113.00	1,350	25
Jul	115.00	+0.45	-	-	237	-
Total					7,291	122

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	384/0	+1/2	385/4	382/0	87	119
Dec	393/2	+3/6	393/4	387/6	48,639	13,279
Mar	401/0	+3/2	401/4	396/2	19,104	2,604
May	389/0	+3/2	389/4	385/2	2,898	418
Jul	361/6	+2/2	362/0	357/4	4,174	1,338
Sep	362/4	-1/2	362/4	362/0	99	38
Total					75,852	17,800

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	210/4	-7/2	219/4	210/0	92	1,335
Dec	217/2	-0/4	218/6	216/6	135,462	13,595
Mar	227/2	-0/4	228/2	227/0	40,875	2,656
May	234/4	-0/2	236/0	234/2	16,322	1,068
Jul	239/2	-	239/4	238/4	17,173	1,311
Sep	243/0	+0/4	243/0	242/6	1,181	152
Total					217,952	29,493

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	102.25	+0.10	-	-	6	-
Nov	103.75	-0.10	-	-	482	-
Jan	105.90	-0.05	-	-	404	-
Mar	108.25	-	-	-	100	-
May	109.90	-	-	-	46	-
Total					1,038	-

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	552/4	-3/4	558/4	550/4	78	662
Jan	562/6	-2/6	568/0	560/6	77,840	20,876
Mar	573/0	-3/6	578/4	571/2	18,936	3,701
May	580/4	-3/4	585/0	578/4	10,801	3,696
Jul	586/2	-3/4	592/0	584/4	5,492	612
Aug	587/2	-2/2	591/0	586/4	11,028	1,195
Total					128,450	30,936

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	25.12	+0.10	25.35	24.88	284	456
Dec	24.61	+0.04	24.90	24.34	16,854	4,762
Jan	24.40	+0.02	24.60	24.15	37,937	7,851
Mar	24.14	-0.10	24.40	23.98	7,872	973
May	23.99	-0.04	24.15	23.83	8,064	1,499
Jul	23.83	-0.07	24.00	23.68	5,016	799
Total					80,241	16,805

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	165.8	-1.1	167.8	165.7	251	1,015
Dec	166.4	-1.0	168.3	166.2	13,891	4,897
Jan	168.2	-0.6	170.0	168.0	42,436	8,451
Mar	171.6	-0.3	172.6	171.2	10,455	1,261
May	173.5	-0.3	175.3	173.5	10,271	780
Jul	176.0	-0.3	177.5	176.0	5,792	261
Total					87,768	15,686

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	150.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	218.8	-3.7	219.5	216.1	1,328	122
May	240.0	-	-	-	-	-
Jun	107.5	-	-	-	-	-
Total					1,328	122

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	1621	+21	1625	1610	283	41
Oct	1660	+25	1660	1635	777	136
Nov	1651	+28	1660	1635	149	21
Jan	1605	+12	1600	1600	630	69
Apr	1607	+9	1605	1595	387	52
Jul	1465	+12	-	-	107	-
Total					2,383	319

	Close	Prev
BFI	1584	1566

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	939	-	960	935	20	107
Dec	987	+2	987	982	27,417	727
Mar	1020	+3	1019	1014	34,641	408
May	1031	+3	1030	1026	12,490	47
Jul	1043	+2	1042	1041	5,725	11
Sep	1056	-	1055	1054	9,284	35
Total					108,773	1,957

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1337	-2	1350	1331	43,522	4,269
Mar	1386	-3	1398	1383	15,212	1,025
May	1415	-2	1422	1415	4,574	9
Jul	1443	-2	1443	1443	2,692	4
Sep	1470	0	-	-	1,302	3
Dec	1498	0	1498	1498	4,861	151
Total					75,753	5,461

■ COCOA (ICCO) (SDR's/tonne)

Sep 21	Price	Prev. day
Daily	1011.01	1017.30

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	4183	-72	4287	4198	1,476	98
Nov	4045	-45	4140	4040	10,624	1,842
Jan	4000	-42	4085	3985	14,591	1,171
Mar	3917	-41	3995	3905	7,218	369
May	3863	-22	3930	3850	2,077	145
Jul	3820	-20	3890	3845	1,169	140
Total					37,155	3,755

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	227.55	-3.80	230.70	225.50	23,129	5,742
Mar	230.90	-3.55	233.90	228.80	8,526	885
May	232.30	-2.95	236.00	231.00	3,225	341
Jul	233.20	-2.95	234.40	233.40	1,008	131
Sep	233.70	-2.95	-	-	391	22
Dec	234.20	-3.00	-	-	525	12
Total					36,804	7,113

■ COFFEE (ICO) (US cents/pound)

Sep 21	Price	Prev. day
Comp. daily	210.31	208.06
15 day average	200.88	199.82

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	12.69	-	12.72	12.70	1,606	146
Jan	11.82	-	-	-	-	-
Mar	12.66	-	-	-	90	-
Total					1,696	146

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	329.30	-1.20	330.40	329.00	3,695	477
Mar	330.50	-1.20	332.30	330.00	7,821	204
May	330.50	-1.20	330.50	329.60	1,177	11
Aug	330.00	-0.40	330.20	329.20	668	237
Oct	313.50	-0.60	313.30	313.20	382	10
Dec	312.40	-0.50	-	-	4	-
Total					13,747	939

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	12.58	+0.01	12.64	12.49	20,959	6,363
Mar	12.51	+0.02	12.58	12.42	96,979	12,529
May	12.49	+0.05	12.53	12.39	15,275	2,646
Jul	12.36	+0.06	12.39	12.26	9,970	2,264
Oct	12.13	+0.01	12.16	12.06	4,932	1,102
Mar	11.75	+0.01	11.80	11.79	1,027	68
Total					149,152	24,970

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	68.45	-0.03	68.50	67.75	1,620	766
Dec	68.94	+0.42	68.99	68.07	27,548	5,063
Mar	70.60	+0.60	70.65	69.60	10,276	666
May	71.77	+0.80	71.95	70.65	5,385	390
Jul	72.80	+0.88	73.00	71.91	3,795	322
Oct	69.80	+0.50	69.30	69.25	440	18
Total					N/A	N/A

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	95.10	+4.60	95.20	90.65	12,178	756
Jan	97.75	+3.80	98.25	94.50	6,227	636
Mar	101.55	+4.15	102.00	98.00	4,202	92
May	105.40	+4.90	105.40	101.50	916	27
Jul	107.95	+4.95	108.00	103.50	522	60
Sep	110.40	+4.90	-	-	20	-
Total					24,400	1,669

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

Wool
Prices at the Australian wool sales have declined for the first time this season. At Sydney and Adelaide earlier this week it became clear that the market had at last turned. The eastern market indicator actually fell by 11 cents on Wednesday, Marking a change of direction which is generally welcomed after the long rise in merino prices. A breathing-space would certainly be appreciated, although it is recognised that the strength in the international wool markets is still firmly based, and could reveal itself in higher prices again before long. One important factor in such a development would be a renewal of Chinese buying in volume when a lower price-level is established.

INDICES

■ REUTERS (Base: 18/9/31=100)

Sep 22	Sep 21	month ago	year ago
2125.9	2122.2	2089.8	1606.6

■ CRB Futures (Base: 1967=100)

Sep 21	Sep 20	month ago	year ago
230.40	230.97	230.22	215.16

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	70.775	+0.550	70.800	69.950	27,994	9,469
Dec	69.800	+0.225	69.850	69.350	21,126	4,839
Feb	68.200	-0.075	68.250	67.850	13,084	1,877
Apr	69.425	+0.175	69.450	69.050	9,469	919
Jun	66.350	+0.100	66.400	66.100	2,046	179
Aug	66.000	+0.050	66.000	65.700	1,041	41
Total					74,886	17,344

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	37.050	+0.200	37.225	36.850	9,710	2,335
Dec	37.900	+0.050	38.300	37.600	12,275	2,354
Feb	39.025	+0.050	39.300	38.750	4,166	801
Apr	39.175	+0.025	39.350	39.100	2,514	443
Jun	44.400	+0.150	44.475	44.150	780	63
Aug	43.150	+0.125	43.200	43.000	108	16
Total					29,692	6,025

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	39.050	-0.900	40.250	38.700	7,654	1,314
Mar	39.175	-0.825	40.100	38.900	560	97
May	40.050	-0.350	40.900	39.900	144	2
Jul	40.850	-1.250	42.050	40.800	171	15
Aug	40.350	-0.750	40.350	40.350	38	8
Total					8,567	1,436

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1575	40	93	4	45
1600	25	79	25	56
1625	14	66	33	68
■ COPPER (Grade A) LME	Oct	Jan	Oct	Jan
2500	49	106	21	75
2550	23	83	45	100
2600	10	63	81	128
■ COFFEE LCE	Nov	Jan	Nov	Jan
3600	474	548	29	148
3650	432	515	37	165
3700	392	484	47	184
■ COCOA LCE	Dec	Mar	Dec	Mar
975	48	97	36	52
1000	37	84	50	64
1050	20	62	83	92
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1600	32	64	29	-
1650	22	51	-	-
1700	10	33	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov)

		+or-
Dubai	$15.25-5.33u	+0.135
Brent Blend (dated)	$15.89-5.91	+0.095
Brent Blend (Nov)	$16.27-6.29u	+0.095
W.T.I. (1pm est)	$17.40-7.42u	+0.045

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$172-175	+1
Gas Oil	$151-152	+2
Heavy Fuel Oil	$74-75	-1
Naphtha	$158-159	
Jet fuel	$169-170	+0.5

Petroleum Argus assessments

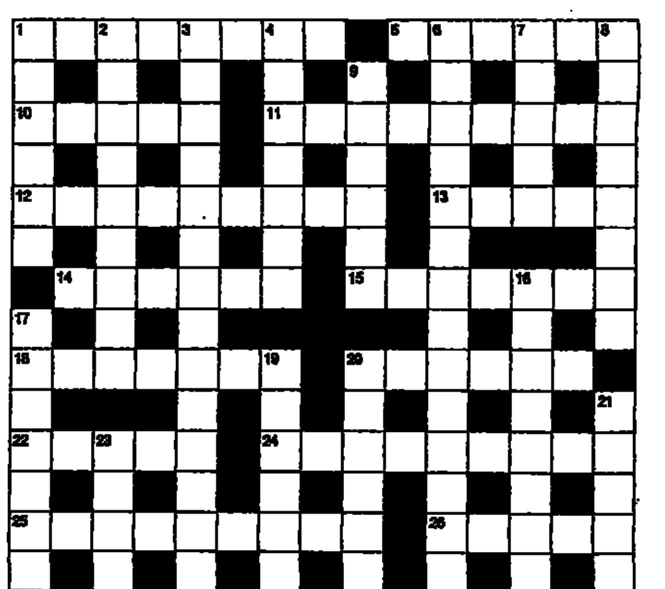
■ OTHER

Gold (per troy oz)♣	$393.80	-0.80
Silver (per troy oz)♣	561.5c	-0.5
Platinum (per troy oz.)	$418.25	
Palladium (per troy oz.)	$155.50	-0.75
Copper (US prod.)	126.0c	
Lead (US prod.)	38.25c	
Tin (Kuala Lumpur)	13.42m	+0.11
Tin (New York)	249.5c	+4.0
Cattle (live weight)†©	113.78p	+0.09*
Sheep (live weight)†♠©	86.93p	+0.85*
Pigs (live weight)©	73.85p	+1.14*
Lon. day sugar (raw)	$314.5	
Lon. day sugar (wte)	$340.0	
Tate & Lyle export	£310.0	-2.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	$136.0	
Wheat (US Dark North)	£180.0	
Rubber (Oct)♥	89.75p	+0.75
Rubber (Nov)♥	87.50p	+0.50
Rubber KL RSS No1 Oct	329.5 m	+1.50
Coconut Oil (Phil)§	$647.5z	+15.0
Palm Oil (Malay.)§	$622.5t	+2.5
Copra (Phil)§	$404.0	-5.0
Soyabeans (US)	£158.0z	
Cotton Outlook 'A' Index	74.40c	-0.60
Wooltops (64s Super)	485p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Nov. t Oct. z Sep/Oct. w Sep. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week. © Prices are for previous day.

CROSSWORD

No.8,566 Set by ADAMANT



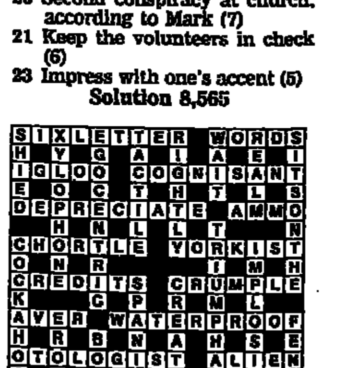
ACROSS

1 Road with ninety degree bend might prevent circulation (8)
5 Cuts the number of patients, being hard-hearted (6)
10 Song to put back into opera company (5)
11 The judge in time should put a finish to group decisions (9)
12 They have no immediate interest in bread deliveries (4-5)
13 Finance English down-and-out (5)
14 Stars girl with a couple of unknown factors (6)
15 Nominal time for a ritual change (7)
18 Point to member, one who works with style (7)
20 Without cover, the agent is likely to drop off (6)
22 Mean to get drunk (5)
24 He is in plenty of trouble, despite hiding nothing material (9)
25 Standard English? European lot want a change of pulse (9)
26 A small number overdose but a thousand revert to drink (5)
27 Said to produce a smile (6)
28 Issue for which the rich lend freely (8)

DOWN

1 Dark sunhat is not right, love (6)
2 Getting up later, I had breakfast to get my own back (9)
3 Songs that bring everyone to their feet (8,7)
4 Taking initial credit note in early settlement (7)
6 Taking nothing from five star hotel, Virginia's organised thanksgiving service (7,8)
7 Meeting of retired dons around Yarmouth (5)
8 Showing strong support for lawbreaker in the beginning (8)
9 Compensate for not being on TV (6)
16 One who looks at someone else's speech (3-6)
17 Happy to overcome one cif reversal (8)
19 Fall over when some people stop pleading poverty (6)
20 Second conspiracy at church, according to Mark (7)
21 Keep the volunteers in check (6)
23 Impress with one's accent (5)

Solution 8,565



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Shares close firmer after an uncertain session

By Terry Byland, UK Stock Market Editor

A choppy and uneasy session on the UK stock market yesterday saw shares close firmly in subdued trading volume. With global markets uncertain in their response to comments from the president of the Bundesbank and from the chairman of the US Federal Reserve, the UK market turned its attention to domestic market factors.

Rumours originated in the foreign exchange markets that overseas clients of one of the premier London discount houses had taken substantial positions at FT-SE 3,000 in stock index futures. These were said to be covered by stop-loss orders which would trigger instant selling of the December future if the index touched that level.

At mid-afternoon, a sudden dip in the German bond market sent the Footsie down to 3,008.6 and, with the December contract on the Footsie just below this level, nerves were stretched to the uttermost. But the market turned higher as Wall Street came in with a Dow gain of 6 points, and the moment of danger passed.

But the market remained very nervous, not least because one of the big London names was said to have turned bearish on domestic interest rates and was predicting base rates of 10 per cent by end 1995.

At the close, the FT-SE 100 Share Index stood at 3,021.2 for a net gain of 6.4. There was little sign of any change of view although a good performance in late trading in the stock index futures market raised spirits ahead of the opening of the markets this morning.

Earlier, the stock market moved erratically, gaining more than 12 points on the Footsie as bond markets steadied behind favourable comments on German inflation prospects from Mr Tietmeyer, president of the Bundesbank.

Trading volumes were unimpressive, however, and firmness in UK government bonds bore out suggestions from some analysts that investment funds, especially those from continental Europe, are switching from UK equities to gilts.

The market remained prey to company results and a generally more cautious reading of boardroom trading statements underlined belief that City analysts are beginning to moderate their highly positive views on the outlook for corporate earnings. This could threaten the outlook for UK quities in the final quarter of this year.

Higher first half profits and a higher dividend payout from Guinness did not save the shares from analysts' concern over references to price competition, which has become the touchstone for the food and consumer sector.

However, British Aerospace rallied well from the setback of the previous day as some analysts took a more favourable view of the half time trading report, counter-balancing downgrades by two leading UK securities houses on the previous day. And there was a strong response to a highly successful first-half performance from RMC, which drew attention to the strength of recovery in the UK and in Germany.

Much of the afternoon was passed waiting for reports from the appearance before the US Senate Banking Committee of Mr Alan Greenspan, the chairman of the Federal Reserve. But the firm opening on the New York stock market left London to wait for news overnight.

The second line issues were somewhat neglected and the FT-SE Mid 250 Index drifted off by a further 8 points to close at 3,562.1 as the smaller investors stayed away, waiting for the clouds over the blue chip market to clear. Seaq volume of 546.3m shares compared with 594.8m in the previous session. On Wednesday, retail or genuine customer business in UK equities, remained satisfactorily high, from the viewpoint of the London securities industry, and returned a value total of £1.36bn.

FT-SE-A All-Share Index

Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover

■ Key Indicators

Indices and ratios

FT-SE 100	3021.2	+6.4	FT Ordinary index	2340.2	+2.6
FT-SE Mid 250	3562.1	-8.0	FT-SE-A Non Fins p/e	18.66	(18.68)
FT-SE-A 350	1526.1	+1.7	FT-SE 100 Fut Dec	3031.0	+13.0
FT-SE-A All-Share	1517.35	+1.02	10 yr Gilt yield	9.01	(9.12)
FT-SE-A All-Share yield	3.96	(3.96)	Long gilt/equity yld ratio:	2.27	(2.29)

Best performing sectors		Worst performing sectors	
1 Building Matls & Mer	+1.9	1 Retailers, Food	-2.2
2 Pharmaceuticals	+1.3	2 Textiles & Apparel	-1.3
3 Tobacco	+1.0	3 Distributors	-0.8
4 Gas Distribution	+1.0	4 Oil Exploration & Prod	-0.8
5 Life Assurance	+0.9	5 Other Services & Bus	-0.6

Food retailers tumble

Fears of a renewed price war among food retailers sparked a slide in some of the leading shares in the sector.

The retreat came early in the session when a rumour went round the market that J Sainsbury was about to embark on a round of price promotions, a move dealers would interpret as the trigger for another round in the price war between leading food retailers. The fall was particularly surprising to market watchers given that north of England supermarket chain William Morrison had just posted a sparkling set of interim figures.

However, analysts put the slide down to "some confusion about Tesco's recent comments on lower regional pricing in parts of the north of England." This appeared to steady some nerves but was not enough to bring about a recovery in the shares. Sainsbury closed 9 lower at 416p, after trade of 4.4m and Tesco surrendered 4 to 239p, in hefty trade of 7.9m.

Argyll Group fell 10 to 277p, with volume reaching 5.1m. Late profit-taking in Morrison, which revealed a 9.2m profits increase to £47.4m, saw the shares retreat from the day's peak to finish a penny off at 138p.

RMC sparkle

Having underperformed the market as a whole by some three percentage points this month, building materials sprang to life yesterday following good interim results from RMC Group which pushed the shares up 18 to 927p.

The shares are a notoriously tight market and only 243,000 changed hands but the stock was heavily in demand, backed by an upgrading of profit projections from a broad range of securities houses.

BZW is now pitching for £252m pre-tax for this year, up from £220m previously. But the stockmarket consensus is probably closer to £240m.

The excitement in RMC washed over on to Redland which gained 18 to 508p and Tarmac, 6½ higher at 146p. Both companies unveil interim statements next week.

Guinness upset

Distiller Guinness tumbled 13 to 448p, in trade of 7.2m after the group reported figures at the bottom end of market expectations.

Interim profits improved by £15m to £320m against market expectations of between £320m and £330m. Several brokers moved to downgrade full year profit expectations. They included Smith New Court, a bear of the stock over the last six months. The broker reduced its year end forecast by £24m to £694m and cut the following year's prediction by £30m to £860m. Mr John Beaumont at Smith believes the "current rating of the shares is too high."

Reports predicting UK interest rates would be around the 10 per cent mark by the end of next year hit banking stocks. National Westminster fell 6 to 470p, while Barclays tumbled 13½ to 554p, in busy trading of 6.5m. Lloyds gave up 9 to 530p.

Industrial conglomerate BTR hardened 2 to 306p, on volume of 4.6m after BZW came out with a strong buy recommendation on the stock.

Housebuilder Barratt Development gained a further 3 to 181p as analysts digested Wednesday's strong interim results. William Sindall put on 5 to 93p on rumours of acquisition news in the offing.

Glaxo took a turn for the better, improving 15 to 574p with 5.8m shares traded. SmithKline Beecham too enjoyed positive territory and added 6 to 428p.

Against a weak electricity sector Scottish Power mustered a rise of 6 to 392p with 2m shares traded.

The increase came as Panmure Gordon launched a push on the stock, urging investors to buy before the regulatory reviews - which are due in a few weeks.

Panmure utilities analyst Mr Angelos Anastasiou said that the Scots power company faces its supply and distribution review in a relatively strong position as it, along with Scots Hydro Electric, was floated with already tight regulation.

Scots Hydro also improved yesterday, a rise of 3 to 383p.

With the exception of Northern Ireland Electricity, which moved ahead 14 to 385p after a period of lagging the sector, most electricity stocks lost ground. Among them were Eastern which fell 10 to 777p; Midlands which gave up 18 to 799p and London which lost 9 to 717p.

Confirmation by South West Water that it was challenging the Ofwat price limit saw the shares slip 5 to 527p although volume was thin.

Shares in Granada Group advanced 7 to 491p, after several brokers recommended the stock.

Kleinwort Benson favours the stock as does BZW which said: "This is a well managed group with good prospects whose shares were recently left behind."

Airports group BAA stood out in a mostly lacklustre transport sector, rising 7 to 475p.

Reports suggesting that Mr Rupert Murdoch, Chairman of media group News International is on the verge of setting up his own wholesale distribution network continued to exact a toll on several stocks. WH Smith gave up another 10 to 450p, while John Menzies fell 18 to 564p.

Talk of a share buy-back plan at GUS following Northern Electricity's move on Wednesday saw the retailers shares appreciate 18 to 555p. Northern closed 31 down at 782 on profit taking.

British Aerospace was a clear feature for the second day running, bouncing back strongly to recoup almost the whole of the previous day's results-hit losses. NatWest Securities and Hoare Govett both put out positive reports on the company and the upswing in sentiment was enough to push the shares 18 higher to 463p in 3.1m trades.

Rolls-Royce, up 2 to 178p, came in for modest buying while controls and compressed air specialist Siebe jumped 12 to 549p on talk of an imminent upgrading of profits forecast by a top securities house.

Following interim results the previous day, shares in Laporte slipped back 9 to 740p. Most brokers maintained their forecasts although NatWest upgraded its estimate for this year from £122m to £125m.

Shares in United Newspapers firmed 2 to 500p after touching a day's high of 513p on company results that were a little above analysts' expectations.

A cross by Goldman Sachs of 3.9m shares in Saatchi & Saatchi at 195p, from one fund client to another, was behind the large volume of 7.1m in the stock, or 1.8 per cent of the company.

MARKET REPORTERS:
Jeffrey Brown,
Christine Buckley
Joel Kibazo

■ Other statistics, Page 21

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (16). DISTRIBUTORS (2) Faber Prest, Spandex. ELECTRNC & ELECT EQUIP (3) Forward Tech Inds., Thorpe (F.W.). EXTRACTIVE INDS (1) FOOD MANUF (1) CPI, Aroma, LEISURE & HOTELS (2) Bristol Scotts, Zetters. PHARMACEUTICALS (2) British Biotech, Do. Wts. RETAILERS, GENERAL (2) Reed Sinh., Style.

NEW LOWS (105). BUILDING & CONSTRN (4) Costain, Countryside Props, Crest Nichol, Sitepr. Frt. Raine. DISTRIBUTORS (10) Brent Worldwide, Cowie, Diploma, EW Fact, Electcomps, Farnell Electronics, Heritage, Inchcape, Lex Service, Litho Supplies, Pendragon, Perry, Wassail. DIVERSIFIED INDLS (1) Hanson Warrants. ELECTRNC & ELECT EQUIP (9) BICC, Bowthorpe, VideoLogic. ENGINEERING (9) Eadie, Glynwed, Morgan Crucible, Radiant Metal, TI. ENG, VEHICLES (3) BBA, Do.Red. Cnv. Prf., Mid-States. EXTRACTIVE INDS (3) Anderson Res, Slips Res. FOOD MANUF (8) Bols Wessanen, Danone, Northern Foods. HEALTH CARE (3) Bocurs, CrestaCare, Scholl. HOUSEHOLD GOODS (3) Creighton Naturally, Joyce. INSURANCE (3) Marsh & McLennan, New London Capital, Sedgwick. INVESTMENT TRUSTS (12) INVESTMENT COMPANIES (2) LEISURE & HOTELS (7) Kunick Pri., LIFE ASSURANCE (1) Lincoln Natl. MEDIA (3) Wiltshire, Midland Ind. News, Pearson, OIL EXPLORATION & PROD (2) Command Petrol, Europa Energy, Hardy Oil & Gas. OIL, INTEGRATED (1) Chevron. OTHER FINANCIAL (5) Barry Birch & Noble, Inteurl Lasmo, Johnson Fry, St. James's Place Capital, Towry Law. OTHER SERVS & BUSNS (1) General Motors Uts. PHARMACEUTICALS (1) Huntingdon Intl.. PRTNG, PAPER & PACKG (5) API, Bemrose, Hunters Armley, Stelrite Group, Waterlogic. PROPERTY (5) Dunlee House, Regian Prope Wts. RETAILERS, FOOD (1) Geest. RETAILERS, GENERAL (8) Argos, Betterware, Country Casuals, Shiloh, Upton & Southern. SUPPORT SERVS (2) DSM, ISS-Int. Serv Sys B, Mappa 4, McDonnell Info. Pegasus. TEXTILES & APPAREL (5) Coats Viyella, Lamont, Sherwood. TRANSPORT (4) British Airways, Do. Cap 9½pc Cnv, CBX, Tibbett & Britten. AMERICANS (10)

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures passed another volatile day with the market moving skittishly in thin and nervous trading conditions.

Volume was the lowest for some weeks at 10,030 – down from 13,799 on Wednesday – leaving traders with time on their hands and at the mercy of the rumour mill.

The major buzz was the existence of a stock-loss trade on the FT-SE December contract. It was said to be set by a big US house and to be triggered at 3,000.

At one stage the contract moved down to 3,007 only to be reversed by modest support.

It reached a 3,042 best of the day around 3:30pm before closing at 3,031.

At this level the premium to the cash market is around 10 points with the fair value premium running to some 15 points.

Traders described business levels as "very bitty", reflecting the "almost complete absence" of views on the direction of equities at present. Many took the sensible course and went home early.

Activity in traded options also fell, easing back to 31,858 lots from 37,003 the previous day. FT-SE and Euro FT-SE volume accounted for just over half of the total.

The most actively traded individual stock options were British Airways at 2,228 lots and Sainsbury (1,450 lots).

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3027.0	3031.0	+13.0	3042.0	3007.0	10723	53174
Mar	3050.0	3055.5	+13.5	3062.0	3050.0	258	750

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3560.0	-	-	-	0	3391

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3565.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3436) £10 per full index point

	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P
Oct	182	14	149½	21½	104	35	72½	52½	46	77	26½	109	14	147	7½	190
Nov	203	27½	165½	39	129½	52½	100	72½	73	95½	52	125	35	159	21½	196½
Dec	221½	41	185	55	150	71	121½	92½	94	115½	72½	143½	52	173½	37½	208½
Jan	244½	53½	207½	70½	176½	88½	145½	107	118	127½	94	155½	72	184	56	218½
Jun†			268½	102			208	139½			159½	189½			115	247½

Calls 6,327 Puts 5,361

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P
Oct	204	10½	161	18	121	27½	85½	42	57	63	35½	91	20½	126	10½	165½
Nov	223	21½	183½	32	147	45	114½	62½	88½	83½	62½	109	43	139½	28½	174
Dec	236	33	198	44½	163½	59	132½	77½	105½	99½	81	124½	60½	153	43½	185½
Mar	282½	58½			214	87			155½	126			108	175½		
Jun†	322½	79½			257½	110			199	147½			148	192		

Calls 1,582 Puts 1,885 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3500	3550	3600	3650	3700	3750	3800	3850
Dec		163 88	138½ 110½	112½ 138½				

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Sep 22	Day's chge%	Sep 21	Sep 20	Sep 19	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3021.2	+0.2	3014.8	3037.3	3079.1	3001.3	4.18	7.22	16.37	99.83	1142.15
FT-SE Mid 250	3562.1	-0.2	3570.1	3584.5	3608.0	3430.3	3.50	5.74	20.99	95.61	1325.02
FT-SE Mid 250 ex Inv Trusts	3564.0	-0.2	3572.8	3588.4	3606.5	3446.5	3.66	6.20	19.57	98.97	1322.60
FT-SE-A 350	1526.1	+0.1	1524.4	1534.6	1553.1	1505.4	4.02	6.87	17.28	48.16	1179.85
FT-SE SmallCap	1846.45	-0.5	1855.13	1863.97	1870.23	1762.45	3.19	4.70	26.73	42.10	1431.03
FT-SE SmallCap ex Inv Trusts	1818.65	-0.5	1828.31	1836.42	1839.91	1764.45	3.38	5.21	24.46	43.20	1413.17
FT-SE-A ALL-SHARE	1517.35	+0.1	1516.33	1526.22	1543.64	1492.98	3.96	6.71	17.73	48.93	1193.12

■ FT-SE Actuaries All-Share

	Sep 22	Day's chge%	Sep 21	Sep 20	Sep 19	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2669.42	-0.5	2682.89	2699.71	2732.82	2245.80	3.45	5.13	24.67	56.67	1064.39
12 Extractive Industries(4)	4008.61	+0.7	3980.60	4007.74	3998.75	3189.10	3.20	5.11	24.20	56.32	1094.23
15 Oil, Integrated(3)	2597.83	-0.7	2617.08	2631.80	2674.82	2177.70	3.63	5.79	21.51	59.99	1057.93
16 Oil Exploration & Prod(11)	1916.89	-0.8	1932.74	1956.78	1967.88	1836.00	2.17	‡	‡	38.03	1109.06
20 GEN MANUFACTURERS(266)	1893.36	+0.4	1885.14	1896.42	1919.83	1878.40	4.02	5.07	23.92	60.71	964.84
21 Building & Construction(33)	1077.23	+0.3	1074.41	1076.63	1084.67	1166.70	3.63	4.98	26.46	25.85	840.62
22 Building Matls & Merchs(32)	1846.87	+1.9	1813.06	1805.34	1832.52	1821.40	3.99	4.84	25.39	54.12	868.62
23 Chemicals(23)	2402.40	-0.1	2405.74	2426.38	2444.63	2186.30	3.85	4.26	29.46	76.83	1084.39
24 Diversified Industrials(16)	1789.54	+0.2	1785.21	1812.18	1844.78	1935.30	5.12	5.20	23.11	80.46	919.18
25 Electronic & Elect Equip(34)	1899.34	-0.1	1900.32	1898.40	1936.81	2140.00	3.96	6.64	17.94	57.28	928.79
26 Engineering(70)	1813.85	+0.6	1803.88	1817.30	1831.85	1635.40	3.15	4.93	23.99	44.65	1036.15
27 Engineering, Vehicles(12)	2278.38	-0.2	2282.93	2298.12	2292.47	1899.00	4.39	2.70	50.75	72.97	1104.78
28 Printing, Paper & Pckg(26)	2833.38	+0.2	2827.89	2804.48	2832.57	2422.70	3.02	5.29	22.11	70.24	1114.86
29 Textiles & Apparel(20)	1603.58	-1.3	1624.83	1644.35	1658.05	1863.80	4.19	6.85	17.87	44.09	905.15
30 CONSUMER GOODS(97)	2698.49	+0.3	2690.25	2704.11	2729.40	2751.80	4.41	7.53	15.35	101.91	930.92
31 Breweries(17)	2199.68	+0.3	2192.31	2197.69	2223.06	2036.10	4.30	7.78	15.61	61.03	985.37
32 Spirits, Wines & Ciders(10)	2743.08	-0.7	2761.07	2770.05	2801.88	2686.30	4.06	7.01	16.53	89.92	919.55
33 Food Manufacturers(23)	2284.70	-0.6	2299.23	2318.85	2342.60	2304.90	4.25	8.23	14.05	75.77	960.06
34 Household Goods(13)	2447.51	-0.5	2458.98	2443.18	2447.49	2561.50	3.68	7.41	16.15	55.79	873.74
36 Health Care(21)	1664.00	+0.3	1659.38	1659.65	1664.67	1712.60	3.00	3.24	43.32	36.16	982.13
37 Pharmaceuticals(12)	2987.02	+1.2	2950.14	2982.12	2967.82	3079.10	4.41	7.17	16.15	125.18	955.73
38 Tobacco(1)	3489.86	+1.0	3456.30	3422.75	3531.81	4006.90	6.22	9.85	10.90	217.07	796.07
40 SERVICES(221)	1891.89	-0.2	1895.89	1911.16	1932.42	1871.00	3.26	6.39	18.87	46.03	928.01
89 FT-SE-A ALL-SHARE(866)	1517.35	+0.1	1516.33	1526.22	1543.64	1492.98	3.96	6.71	17.73	48.93	1193.12

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3023.9	3027.0	3021.3	3022.3	3012.5	3014.7	3017.6	3021.0	3019.7	3027.5	3008.6
FT-SE Mid 250	3569.0	3570.3	3567.2	3569.7	3564.4	3565.8	3565.9	3568.0	3562.4	3570.4	3561.2
FT-SE-A 350	1527.0	1529.2	1526.8	1527.3	1523.0	1524.0	1525.1	1525.2	1526.4	1525.6	1528.4	1521.2

TRADING VOLUME

■ Major Stocks Yesterday

LONDON EQUITIES

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	61	2	7
Other Fixed Interest	0	0	15
Mineral Extraction	74	41	83
General Manufacturers	100	156	389
Consumer Goods	30	43	114
Services	49	134	314
Utilities	10	22	13
Financials	74	81	211
Investment Trusts	48	103	315
Others	27	59	16
Totals	473	641	1477

Data based on those companies listed on the London Share Service.

LIFFE EQUITY OPTIONS

TRADITIONAL OPTIONS

First Dealings	September 12	Expiry	December 8
Last Dealings	September 23	Settlement	December 22

Calls: BTR Wts '95/6, Blackwood Hodge Prf, Eurotunnel, Greenwich Res, Haemocell, Hanson Wts, Lucas Wts, Mirror Grp, Morrison (Wm), Navan Res, Scot Nat Cap, Signet Pref, Tie Rack, Wilshaw. Puts: Cons Murch. Puts & Calls: Royal Bk Scot.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	18.1	102	95	Beacon Inv Tst	95		-	-	-	-
-	F.P.	1.52	48	39	Do. Warrants	40		-	-	-	-
§125	F.P.	18.9	130	124	Compel	124		WN4.0	2.1	4.0	12.0
-	F.P.	1.30	1½	1	Cont'l Foods Wrts	1¼		-	-	-	-
-	F.P.	24.4	62	61	Emerging Mkts C	61	-1	-	-	-	-
120	F.P.	21.1	120	118	Independent Parts	118		LN4.0	2.1	4.2	14.3
-	F.P.	28.4	68	35	¥Magnum Power	68	+4	-	-	-	-
80	F.P.	24.1	85	76	Ryland	85		LN3.5	1.7	5.1	14.0
-	F.P.	3.27	44	27	Suter Wrts 99/04	28		-	-	-	-
-	F.P.	115.7	379	374	Templeton E New	374		-	-	-	-
-	F.P.	12.6	212	192	Do. Wrts. 2004	204	-3	-	-	-	-

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
475	Nil	4/10	59pm	15pm	Commercial Union	21pm	+6
380	Nil	21/10	48pm	13pm	EMAP	15pm	+1
252	Nil	11/11	34pm	13pm	Weir	13pm	-4

FINANCIAL TIMES EQUITY INDICES

	Sep 22	Sep 21	Sep 20	Sep 19	Sep 16	Yr ago	*High	*Low
Ordinary Share	2340.2	2337.6	2358.3	2389.5	2388.1	2312.4	2713.6	2240.0
Ord. div. yield	4.39	4.40	4.36	4.30	4.30	4.03	4.48	3.43
Earn. yld. % full	6.34	6.30	6.25	6.13	6.13	4.74	6.34	3.82
P/E ratio net	17.20	16.94	17.67	17.41	17.41	26.93	33.43	16.94
P/E ratio nil	17.67	17.51	17.09	18.00	18.00	24.85	30.80	17.09

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2346.7	2347.0	2342.2	2341.1	2332.3	2333.9	2336.7	2339.0	2338.5	2347.3	2331.4

	Sep 22	Sep 21	Sep 20	Sep 19	Sep 16	Yr ago
SEAQ bargains	23,263	24,511	24,355	24,512	24,749	27,524
Equity turnover (£m)†	-	1355.8	1333.8	950.9	1193.7	1632.2
Equity bargains†	-	27,107	27,071	26,641	27,771	31,274
Shares traded (ml)†	-	475.9	496.4	827.0	468.4	618.5

†Excluding intra-market business and overseas turnover.

FT GOLD MINES INDEX

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£21¼	+⅛	£25⅛	£20⅛	6,392	5.2	ф
ANZ A$		180	-1	278¼	179¾	2,475	5.0	28.4
Abbey National	†N□	388xd	+3½	523	381	5,050	5.0	13.0
Allied Irish I£	‡†N□	240xd	—	314	234	1,588	5.3	9.2
Anglo Irish I£	N□	57	—	*70	50	198.2	7.5	10.4
Asahi Y		692¼	-8¼	819¼	628	16,064	0.7	ф
Banco Bil Viz Pta		£15½	+⅛	£18⅞	£14⅛	3,554	5.4	8.9
Banco Sant Pta		£26⅛	—	*£30½	£23¾	3,948	5.5	9.1
Bk Ireland I£	‡□	278	—	*319	248	1,313	4.7	8.0
Bank Scotland	‡N□	202	+2	247	172½	2,357	3.1	16.5
9¼pc Pf		111½	+½	141½	111	111.5	10.4	-
9¾pc Pf		116¾	+½	148½	116	116.8	10.4	-
Barclays	‡†N□	554xd	-13½	649	487	9,019	3.8	10.6
Dai Ichi Kan Y		£11⅛	-⅛	£12⅞	£10⅞	34,720	0.5	-
Deutsche DM		£284⅞	-2	£344⅛	£270⅞	13,659	2.4	-
Espirito Santo		£9⅞	—	*£13⅞	£9⅞	208.9	3.8	4.9
First Nat Fin	N□	74	—	*80	60	124.9	2.5	-
6.3pc Cv Pf		76	—	*90	75	6.11	10.4	-
7pc Cv Pf		133½	—	171	123	63.4	6.6	-
Fuji Bank Y		1385	+9½	1549¼	1152½	30,542	0.4	ф
HSBC HK	†N□	716xd	-4	1133	680	12,530	4.3	10.4
HSBC (75p Stg)	†N□	698xd	-4	1113	660	6,916	4.4	10.1
Lloyds	†N□	530xd	-9	680	519	6,853	5.4	10.4
Mitsubishi Y		£15⅞	-⅛	£18⅞	£15⅛	45,641	0.3	ф
Mits Tst & Bk Y		970½	+4	1192¼	867½	11,627	0.5	15.1
Mitsui Tst & Bk Y		692¼	-¼	879	514	8,253	0.8	22.9
Nat Aust A$	†	484	+5	620¼	479	6,478	5.7	10.3
NatWest	†N□	470xd	-6	622	421	7,825	5.2	8.7
Ottomane FFr		£21¼	—	£33	£21¼	108.8	6.7	ф
Ryl Bk Scotland	‡†N□	404	+4	528	377½	3,236	3.7	18.3
Sakura Y		£8⅞	-⅛	£9⅞	£8⅛	28,092	0.6	51.4
Sanwa Y		£12⅞	+⅛	£15⅛	£11⅞	36,402	0.5	-
Standard Chartd	†N□	284xd	+1	*369¼	223	2,537	3.0	9.1
[illegible]								

CHEMICALS

	Notes	Price	+ or -
AGA SKr		£8⅛	-⅛
Akzo Fl		£76¼	+1⅛
Allied Colloids	‡N□	131	-1
Amber Ind	N	780	—
BASF DM		£132⅛	+3⅞
BOC	‡N□	710	+1
BTP	‡N□	306	—
Bayer DM		£148½	+2⅞
Brent	N□	118	-½
British Vita	†N□	238xd	+4
Cambridge Ion S	‡	19	—
Canning (W)	‡N□	194	—
Cementone	‡N	61xd	—
Warrants		23	—
Courtaulds	N□	489	-2
Croda	†N□	304xd	-2
Doeflex	‡N	118	—
Engelhard $		£16⅞	-⅞
European Colour	‡N□	57	—
Gibbon Lyons	‡N	139xd	—
Hickson	‡N□	172xd	—
Hoechst DM		£139⅞	+1⅞
Holliday Chemical	†N□	234xd	—
ICI	N□	828xd	-1
Inspec	‡□	221½	-½
Kalon	‡†N□	109¼xd	-¼
Laporte	‡†N□	740	-8
MTM	‡□	87xd	—
Manders	N□	332xd	-5
McLeod Russel	N□	114	—
Metrotect Inds	‡N□	102	—
Perstorp SKr		£24½	—
Porvair	‡†N	307xd	—
[illegible]			

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's
Toronto-Dom		9½xd		11¼	9	2,862	4.0
Trans Can Pipe	♥	8		10	7	1,587	4.8

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29¼	—	£30	£13½	1,987	2.5	21.4
Barlow	z	84		95	£3	614.8	0.8	—
Gold Flds Prop R		118xd	-1	128	75	12.1	7.9	ɸ
NK Props	z	85	—	95	85	3.42	14.2	ɸ
SASOL	♥	496	-4	500	280	2,819	2.8	—
SA Brews		£11⅞	—	£15	£10	3,288	2.3	19.4
Tiger Oats	†	625	—	838	538	938.8	2.5	13.2
Tongaat-Hulett	b	602	+15	*618½	356¼	648.7	2.1	16.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated seperately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.

* Highs and lows marked thus have been adjusted to allow for rights issues for cash

q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
... official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

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You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT3185. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
57 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	157.2	157.7	168.8	-0.80	0.05
AIB Grofund Equity	5	227.7	230.2	243.6	-1.80	1.30
AIB Grofund Euro	5	196.6	198.9	208.4	+0.5	0.37
AIB Grofund Ext Pacific	3	115.5	116.8	121.2	—	2.01
AIB Grofund Gilt	3	68.88	69.90	72.06	+0.01	5.61
AIB Grofund Japan	5	185.0	185.9	196.7	-0.10	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	447.8	449.8	478.4	-3.2	2.85
General Acc	5	507.8	510.0	542.6	-3.6	2.85
UK Growth Acc	6	339.2	344.0	366.0	-2.5	2.87
UK Growth Inc	6	235.6	238.8	254.1	-1.8	2.87
Higher Inc Acc	6	638.0	645.0	686.2	-0.6	3.96
Higher Inc Inc	6	376.7	380.9	405.3	-0.4	3.96
Gilt/Fxd Int Acc	5½	174.7	174.7	184.5	+0.7	6.30
Gilt/Fxd Int Inc	5½	84.84	84.84	89.72	+0.3	6.30
Nth America	6	247.3	252.6	268.6	-5.6	0.00
Far East	6	369.0	375.0	399.0	+1.0	0.00
Europe	6	261.2	265.5	282.5	-1.4	0.68
Brit Enterprise Acc	6	95.20	96.35	102.5	-0.2	4.99
Brit Enterprise Inc	6	69.80	70.69	75.20	-0.14	4.99
Global Opps	6	81.22	82.66	87.96	-0.31	0.20
Balanced Acc	6	51.31	52.15	55.48	-0.21	2.84
Balanced Inc	6	50.80	51.42	54.71	-0.20	2.84

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pens European Fnd	317.2	333.9	-1.80	–
Pens Far East Fnd	433.5	456.4	-3.00	–
Pens Japanese Fnd	141.9	149.4	+0.10	–
Pens Nth American Fnd	289.7	305.0	-1.50	–
Pens International Fnd	299.6	315.4	-1.80	–
Pens Gilts/Fxd Int Fnd	225.2	237.1	+1.50	–
Pens Index-linked Fnd	178.8	187.9	—	–
Pens Property Fnd	147.2	155.0	—	–
Pens Cash Fund	215.7	227.1	—	–
Pens Harditex Fnd	232.4	244.7	+0.10	–

Scottish Provident Group

6 St Andrew Sq, Edinburgh 031-558 2652

Scottish Provident Institution Funds

Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
With-Profits	113.6	119.9	—	–
Managed	262.7	276.6	-0.9	–
Blue Chip	138.9	146.3	-0.7	–
Equity	271.1	285.5	-0.8	–
International	290.7	306.1	-0.8	–
Property	235.1	247.6	—	–
Fixed Interest	204.8	215.7	—	–
Index-linked	170.7	179.8	—	–
Cash	185.8	195.7	—	–
Money Market	122.3	128.8	—	–
American Performance	164.5	173.3	-1.7	–
Europe Performance	126.4	133.1	-0.2	–
Far East Performance	137.1	144.4	-0.9	–
Worldwide Performance	152.3	160.4	-0.5	–

Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
With-Profits Ord	215.9	227.3	+0.1	–
Managed Ord	327.4	344.7	-1.4	–
Blue Chip Ord	145.6	153.4	-0.9	–
Equity Ord	342.7	360.8	-1.5	–
International Ord	362.5	381.7	-0.3	–
Property Ord	301.8	317.8	—	–
Fixed Interest Ord	288.5	303.8	—	–
Index-linked Ord	188.6	198.6	—	–
Cash Ord	261.1	275.0	—	–
Building Society Ord	197.9	208.4	—	–
American Performance Ord	191.6	202.0	-1.8	–
Europe Performance Ord	122.7	129.2	-0.3	–
Far East Performance Ord	158.2	166.6	-1.2	–
Worldwide Performance Ord	168.7	177.7	-0.8	–

Scottish Provident Assurance Ltd Funds

(Formerly Prolific Life & Pensions Ltd)

Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Adventurous Mngd	200.7	213.8	-0.3	–
Balanced Grth Mngd	790.3	840.9	-2.2	–
Cautious Mngd	143.2	152.4	-0.2	–
Fixed Interest	431.8	454.8	-0.5	–
Gilt Fund 20	424.3	483.5	+0.3	–
Equity	938.6	994.6	-2.7	–
International	427.9	455.3	-0.6	–
Property	285.7	302.2	—	–
Cash	337.4	355.6	—	–

Sun Life Unit Assurance Ltd

St James Barton, Bristol BS99 7SL 0272 426911

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Acc	879.3	925.6	-3.5	–
Property Acc	315.6	332.5	-1.8	–
Equity Acc	1356.2	1468.7	-7.2	–
Fixed Interest Acc	370.7	390.3	+0.4	–
Cash Acc	307.5	323.8	—	–
International Acc	602.0	633.7	-0.4	–
Distribution	274.3	288.8	-0.6	6.05
American Equity Acc	341.4	359.4	-2.7	–
Far Eastern Acc	604.1	621.7	+1.7	–
Index-Linked Acc	190.3	200.4	—	–
Japan Acc	330.0	347.4	+2.5	–
Pacific Acc	391.4	412.1	-0.7	–
European	193.8	204.1	-1.2	–
Anniversary Bond	149.6		-0.8	–
Deld Distribution	162.0	170.6	-0.2	–

Sun Life Pensions Management Ltd

(funds for individual pension contracts)

	Bid Price	Offer Price	+ or -	Yield Gross
Pens. Managed Acc	1149.5	1209.0	-4.3	–
Pens. Property Acc	341.6	359.6	+0.1	–
Pens. Equity Acc	1776.8	1870.4	-9.2	–
Pens. F. Interest Acc	460.3	484.6	+0.3	–
Pens. Cash Acc	417.1	439.1	+0.1	–
Pens. Internat. Acc	710.4	747.8	-0.7	–
Pens. Amer. Equity Acc	332.9	350.4	-3.0	–
Pens. Far Eastern Acc	1533.7	1614.5	+3.4	–
Pens. Ind. Lnkd. Acc	214.8	226.0	—	–
Pens. Japan Acc	383.5	389.0	+2.8	–
Pens. Pacific Acc	567.4	592.0	-1.1	–
Pens. Euro. Acc	216.0	227.4	-1.4	–
Pens. Bldg Soc	178.4	187.8	+0.1	–
Pens. Retirement Dist	144.4	152.1	-0.2	–

Swiss Life (UK) PLC

101 London Rd, Sevenoaks 0732 450161

Group Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Managed	1795.07	813.47	—	–
Fixed Int Managed	318.14	319.73	—	–
Mixed Managed	471.82	480.41	—	–
Cash Managed	299.05	300.65	—	–
International Mngd	298.85	300.33	—	–
Europe Managed	£142.86	147.30	—	–
Index Tracking Mngd	£144.43	146.69	—	–

Individual Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Pension	£142.61	150.01	—	–
Fixed Int Pension	£145.02	152.65	—	–
Dep Admin Pension	£153.65	161.83	—	–
Mixed Pension	£145.02	152.65	—	–
Cash Pension	£138.93	146.88	—	–
Europe Pension	£124.89	131.46	—	–
Index Tracking Pension	£148.84	156.46	—	–
International PP	£145.76	153.43	—	–

Next sub day September 26

Pioneer Funds

16 Crosby Rd. N, Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	333.0	350.6	—	–
Man Pens Inc & Cap Fds.	458.3	482.5	—	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Phoenix Investment Portfolios (u)						
13 rue Goethe, L-1637 Luxembourg 010 352 4040461						
European Multinational Pfolio		Ecu-	12.73		-0.06	-
Global Multinational Pfolio		Ecu-	12.38		-0.01	-
BAII Intermarket Fund						
2 Boulevard Royal, Luxembourg 010 352 4590 2302						
NAV Aug 31		$-	554.06		---	-
Bank Von Ernst & Cie AG						
Marktgasse 63/65 3001 Berne, Switzerland 3131 14051						

Henderson Management SA (u)
60 rte de Treves, L-2633 Senningerberg, Lux
071-638 5757 or 010-352 348822

LUXEMBOURG (REGULATED)(**)

Astra International Umbrella Fund (u)

Alliance Capital

Lombard Odier Invest (u)

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Astra Malaysian Growth Fd (Cayman) Ltd

S.G. Europe Obligations SA

FRM / Swiss Financial Services

Fairbanks Global Capital Fund Ltd

Ferrall Management Ltd

Fidelity Investments

Firebird Capital Management

Jupiter Tyndall (Bermuda) Ltd

KI Asia Pacific Fund Ltd

Kingsgate Global Fund Ltd

Kingdon Offshore N.V.

Korea China Super Fund Ltd

Korea Intl Investment Fund

Korea Investment Trust Co Ltd

Putnam International Advisers Ltd

Quantum Group

Real Estate Strategies Ltd

Yamaichi Capital Management (Guernsey) Ltd

Thai Inv Fund	$22.53	---	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. §§ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd Ex dividend.
(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES AND MONEY

MARKETS REPORT

Markets wait for news

"Wait and see" was the operative theme of the foreign exchange markets yesterday as a dearth of economic data or news left the dollar, D-Mark and pound treading water, *writes Motoko Rich*.

The dollar was relatively undisturbed as continuing trade talks between the US and Japan circumscribed any significant movement.

In London, the dollar closed against the D-Mark at DM1.5488 from DM1.5449. Against the yen, it finished slightly higher at ¥98.0750 from ¥97.7000.

Anticipation of German inflation figures, due this week, prevented the D-Mark from leaping out of its trading ranges against most European currencies, although it was slightly firmer than it has been recently. It pushed up against the lira as the markets frowned at the squabble over pension reform between Prime Minister Silvio Berlusconi's government and Italy's trade unions. Against the lira, the D-Mark finished in London at L1011 from L1007.

Sterling turned in a steady performance, consolidating recent gains. Against the dollar, the pound finished in London at $1.5762 from $1.5781. Against the D-Mark, it closed at DM2.4411 from DM2.438.

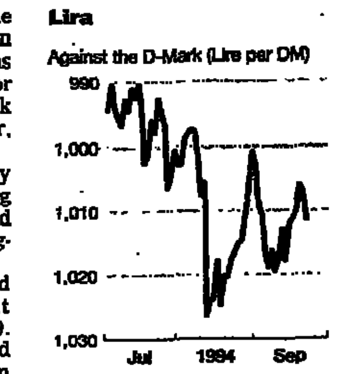
■ As President Bill Clinton and Japanese foreign minister Mr Yohei Kono opened talks on the status of trade negotiations between the two countries and Mr Clinton renewed the threat of sanctions, the markets left the dollar languishing in narrow trading ranges.

Mr Steve Hannah, head of research at IBJ International, said he believed the markets were being unrealistic about the "scope for meaningful compromise" between the two nations. "I feel the markets are making too much of these talks," he said. "They are almost bound to be disappointed."

Remarks made by Mr Alan Greenspan, Federal Reserve Board chairman, before the US Senate Banking Committee about the condition of the country's banking and thrift industry were shrugged off by investors.

Lira

Against the D-Mark (Lire per DM)



Source: FT Graphite

■ Pound in New York

Sep 22	—Latest—	—Prev. close—
£ spot	1.5762	1.5765
1 mth	1.5746	1.5778
3 mth	1.5721	1.5759
1 yr	1.5578	1.5588

The markets were clearly waiting for the upcoming meeting of the Federal Open Market Committee, the policy-making arm of the Fed, on September 27. Analysts are now largely expecting officials to raise interest rates at that meeting or shortly after it. "If there is a rate hike that will keep a check on the dollar because rate rises tend to pull the bond markets down and the dollar has been linked to bonds lately," said Mr Avinash Persaud, currency strategist at JP Morgan.

■ While the dollar's performance is generally thought to track the US bond markets, last week's collapse in US Treasuries on the back of fears of incipient inflation did not prompt an equivalent drop in the dollar against the D-Mark.

Mr Hannah said he believed this was because the markets are also uncertain about inflation prospects in Germany, and were therefore reluctant to replace the dollar with D-Marks.

The markets were unfazed by comments from Mr Hans Tietmeyer, Bundesbank president, in which he said inflation was expected to ease in the next few months, but was not yet at a satisfactory level. Mr Hannah said that if inflation figures rise above the 3.0 per cent level, other European currencies will make modest advances against the D-Mark.

Against the French franc, the D-Mark closed in London at FFr3.419 from FFr3.418. Against the Swiss franc, it finished at 0.830 from 0.838.

The D-Mark was also helped against the lira by unresolved problems with Italy's pension reform programme. Two Italian trade unions have rejected Mr Berlusconi's draft plan, fuelling market uncertainty about the passage of a budget.

Analysts downplayed the scale of the lira's movement, however. Ms Phyllis Reed, European bond strategist at BZW, said: "The pension reform is a key issue in the 1995 budget and the unions' reaction to it has caused some sensitivity in the market. But before we see any significant movement we need to see the budget get through the parliament and see if it represents a tangible tightening of fiscal policy."

■ The South African financial rand, which is freely traded on the markets, was jolted when the UK credit rating agency IBCA announced it had given the country a "BB" rating on its senior, unsecured, long-term foreign currency debt. Against the dollar, the financial rand fell as low as R4.44 from an opening of R4.37.

The rating, which is equivalent to that given to countries like Argentina, Mexico and Hungary disappointed the government as it had hoped for a higher grade to attract foreign investors. South African ratings from larger firms like Moody's and Standard and Poor's are expected shortly.

■ In the UK money markets, the Bank of England forecast a shortage of £1.1bn and provided liquidity of £469m. It provided late assistance of £520m.

The December short sterling contract traded 43,000 lots to close at 93.18 from 93.07, discounting a three-month interest rate of 6.82.

■ OTHER CURRENCIES

Sep 22	£	$
Hungary	169.729 - 169.933	107.710 - 107.810
Iran	2756.60 - 2788.00	1748.60 - 1758.60
Kuwait	0.4675 - 0.4693	0.2969 - 0.2977
Poland	36267.6 - 36330.4	23015.0 - 23045.0
Russia	3787.80 - 3792.25	2403.00 - 2408.00
U.A.E.	5.7838 - 5.7955	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Sep 22		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.1801	+0.023	723 - 878	17.1972	17.1431	17.1757	0.3	17.1539	0.4	-	-	115.0
Belgium	(BFr)	50.2319	+0.0167	892 - 746	50.2750	50.0930	50.2469	-0.4	50.1919	0.3	49.9069	0.6	116.8
Denmark	(DKr)	9.6055	+0.0127	016 - 092	9.6099	9.5864	9.6102	-0.6	9.6296	-1.0	9.6721	-0.7	116.4
Finland	(FM)	7.7017	+0.0074	421 - 613	7.7615	7.7410	-	-	-	-	-	-	85.5
France	(FFr)	8.3460	+0.0126	418 - 502	8.3547	8.3223	8.3456	0.1	8.3472	-0.1	8.3013	0.5	110.1
Germany	(DM)	2.4411	+0.0031	401 - 420	2.4448	2.4338	2.4401	0.5	2.4374	0.6	2.4079	1.4	125.8
Greece	(Dr)	371.688	+0.361	526 - 849	372.242	370.567	-	-	-	-	-	-	-
Ireland	(I£)	1.0119	+0.0023	112 - 126	1.0137	1.0078	1.0119	0.1	1.013	-0.4	1.0176	-0.6	105.1
Italy	(L)	2469.51	+14.77	857 - 045	2470.75	2457.47	2475.11	-2.7	2487.38	-2.9	2541.86	-2.9	75.1
Luxembourg	(LFr)	50.2319	+0.0167	892 - 746	50.2750	50.0930	50.2469	-0.4	50.1919	0.3	49.9069	0.6	116.6
Netherlands	(Fl)	2.7368	+0.0013	356 - 376	2.7393	2.7280	2.7358	0.4	2.7326	0.6	2.7001	1.3	120.6
Norway	(NKr)	10.6979	+0.0149	939 - 018	10.7055	10.6778	10.6977	0.0	10.6999	-0.1	10.7023	0.0	85.8
Portugal	(Es)	249.032	+1.207	898 - 166	249.171	247.747	250.762	-8.3	253.942	-7.9	-	-	-
Spain	(Pta)	202.244	+0.523	159 - 328	203.669	201.757	202.648	-2.4	203.379	-2.2	206.214	-2.0	86.0
Sweden	(SKr)	11.7568	+0.0148	482 - 653	11.8131	11.7313	11.7758	-1.9	11.8233	-2.3	12.0368	-2.4	75.4
Switzerland	(SFr)	2.0278	+0.0065	265 - 290	2.0301	2.0220	2.0262	1.5	2.0195	1.6	1.984	2.2	122.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.8
Ecu	-	1.2791	+0.0024	785 - 796	1.2798	1.2785	1.2795	-0.3	1.2799	-0.2	1.2808	1.4	-
SDR†	-	0.931346	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5755	-0.0025	750 - 759	1.5784	1.5745	-	-	-	-	-	-	-
Brazil	(R$)	1.3476	-0.0033	457 - 495	1.3498	1.3454	-	-	-	-	-	-	-
Canada	(C$)	2.1172	-0.0043	163 - 180	2.1200	2.1142	2.1167	0.3	2.116	0.2	2.1148	0.1	88.0
Mexico	(New Peso)	5.3597	-0.0082	546 - 648	5.3668	5.3542	-	-	-	-	-	-	-
USA	($)	1.5762	-0.0019	758 - 765	1.5787	1.5747	1.5757	0.4	1.574	0.5	1.5584	1.1	62.0
Pacific/Middle East/Africa													
Australia	(A$)	2.1404	-0.0025	393 - 414	2.1491	2.1188	2.1403	0.0	2.1417	-0.2	2.1599	-0.9	-
Hong Kong	(HK$)	12.1804	-0.014	773 - 835	12.1951	12.1694	12.1765	0.4	12.1754	0.2	12.1624	0.0	-
India	(Rs)	49.4439	-0.065	250 - 627	49.5240	49.4020	-	-	-	-	-	-	-
Japan	(Y)	154.581	-0.401	377 - 605	154.980	154.240	154.211	2.9	153.311	3.3	148.316	4.1	190.6
Malaysia	(M$)	4.0300	-0.0025	285 - 314	4.0337	4.0259	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6267	-0.0009	250 - 284	2.6324	2.6245	2.6306	-1.8	2.6384	-1.8	2.6606	-1.3	-
Philippines	(Peso)	41.5317	-0.0514	284 - 349	41.6353	41.1275	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9115	-0.0074	099 - 131	5.9209	5.9064	-	-	-	-	-	-	-
Singapore	(S$)	2.3273	-0.0038	254 - 292	2.3303	2.3253	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5706	-0.0203	681 - 729	5.5902	5.5680	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.9824	+0.0545	650 - 997	6.9997	6.8981	-	-	-	-	-	-	-
South Korea	(Won)	1263.45	+0.5	265 - 424	1264.61	1261.98	-	-	-	-	-	-	-
Taiwan	(T$)	41.2754	-0.1293	623 - 885	41.4172	41.2564	-	-	-	-	-	-	-
Thailand	(Bt)	39.3092	-0.0408	926 - 258	39.3570	39.2780	-	-	-	-	-	-	-

†SDR rates for Sep 21. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 22		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.9000	+0.028	975 - 025	10.9100	10.8755	10.9	0.0	10.8998	0.0	10.825	0.7	104.0
Belgium	(BFr)	31.8700	+0.05	500 - 900	31.8900	31.7850	31.8772	-0.3	31.89	-0.3	32.025	-0.5	105.7
Denmark	(DKr)	6.0943	+0.0155	933 - 953	6.0953	6.0790	6.1008	-1.3	6.1206	-1.7	6.198	-1.7	104.8
Finland	(FM)	4.9181	+0.0107	131 - 231	4.9254	4.9121	4.9181	0.0	4.9251	-0.6	4.9731	-1.1	79.9
France	(FFr)	5.2952	+0.0145	937 - 967	5.2995	5.2820	5.2976	-0.6	5.3019	-0.5	5.2732	0.4	108.3
Germany	(DM)	1.5488	+0.0033	485 - 490	1.5500	1.5455	1.549	-0.2	1.549	0.0	1.5441	0.3	108.6
Greece	(Dr)	235.820	+0.52	770 - 870	236.000	235.070	236.12	-1.5	236.745	-1.6	239.495	-1.6	68.8
Ireland	(I£)	1.5577	-0.0055	569 - 584	1.5641	1.5553	1.5571	0.5	1.5541	0.9	1.5357	1.4	-
Italy	(L)	1566.80	+11.3	655 - 705	1567.05	1560.20	1571.05	-3.3	1578.8	-3.3	1628.3	-3.9	75.9
Luxembourg	(LFr)	31.8700	+0.05	500 - 900	31.8900	31.7850	31.8772	-0.3	31.89	-0.3	32.025	-0.5	105.7
Netherlands	(Fl)	1.7363	+0.003	360 - 365	1.7371	1.7316	1.7366	-0.2	1.7366	-0.1	1.7315	0.3	105.4
Norway	(NKr)	6.7872	+0.0178	862 - 883	6.7905	6.7740	6.7923	-0.9	6.8125	-1.5	6.8848	-1.4	95.9
Portugal	(Es)	158.000	+0.56	950 - 050	157.800	157.250	158.75	-5.7	160.425	-6.1	167	-5.7	95.3
Spain	(Pta)	128.315	+0.49	280 - 340	129.150	128.000	128.63	-2.9	129.25	-2.9	132.185	-3.0	80.9
Sweden	(SKr)	7.4592	+0.0166	554 - 629	7.4880	7.4482	7.4757	-2.7	7.5142	-2.9	7.7067	-3.3	80.6
Switzerland	(SFr)	1.2865	+0.0071	860 - 870	1.2890	1.2825	1.2854	1.0	1.283	1.0	1.2715	1.2	108.4
UK	(£)	1.5762	-0.0019	758 - 765	1.5787	1.5747	1.5757	0.4	1.574	0.5	1.5584	1.1	88.1
Ecu	-	1.2323	-0.0038	320 - 325	1.2341	1.2320	1.2314	0.9	1.2295	0.9	1.2202	2.4	-
SDR†	-	1.46811	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0004	995 - 996	0.9996	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	0.8550	-0.001	540 - 560	0.8560	0.8540	-	-	-	-	-	-	-
Canada	(C$)	1.3433	-0.0004	430 - 435	1.3436	1.3420	1.3437	-0.3	1.3446	-0.4	1.3529	-0.7	84.5
Mexico	(New Peso)	3.4005	-0.001	980 - 030	3.4060	3.3980	3.4015	-0.4	3.4033	-0.3	3.4107	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3580	+0.0010	576 - 583	1.3618	1.3430	1.3583	-0.2	1.359	-0.3	1.3653	-0.5	86.0
Hong Kong	(HK$)	7.7280	+0.0007	277 - 282	7.7282	7.7277	7.7277	0.0	7.7286	0.0	7.7435	-0.2	-
India	(Rs)	31.3700	-0.0025	650 - 750	31.3750	31.3650	31.455	-3.3	31.6	-2.9	-	-	-
Japan	(Y)	97.9700	+0.0375	650 - 750	98.2000	97.8950	97.865	2.5	97.535	2.6	94.69	3.2	151.2
Malaysia	(M$)	2.5569	+0.0018	565 - 572	2.5575	2.5550	2.5477	4.3	2.5354	3.2	2.6098	-2.1	-
New Zealand	(NZ$)	1.6665	+0.0015	656 - 672	1.6681	1.6658	1.6674	-0.7	1.6693	-0.7	1.6746	-0.5	-
Philippines	(Peso)	26.3500	-	000 - 000	26.5000	25.8000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-	504 - 508	3.7508	3.7504	3.7519	-0.4	3.756	-0.6	3.7746	-0.6	-
Singapore	(S$)	1.4766	+0.0001	763 - 768	1.4777	1.4763	1.4752	1.1	1.4733	0.9	1.4666	0.7	-
S Africa (Com.)	(R)	3.5343	-0.0085	335 - 350	3.5440	3.5330	3.5498	-5.3	3.5761	-5.0	3.6548	-3.4	-
S Africa (Fin.)	(R)	4.4300	+0.04	200 - 400	4.4400	4.3900	4.4637	-9.1	4.5225	-8.4	-	-	-
South Korea	(Won)	801.600	+1.3	400 - 800	802.000	800.400	804.6	-4.5	808.1	-3.2	826.6	-3.1	-
Taiwan	(T$)	26.1870	-0.0495	850 - 890	26.2430	26.1850	26.2075	-0.9	26.2475	-0.9	-	-	-
Thailand	(Bt)	24.9400	+0.005	350 - 450	24.9450	24.9350	25.0125	-3.5	25.14	-3.2	25.62	-2.7	-

†SDR rate for Sep 21. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 21. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 22		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.12	16.62	4.860	2.015	4915	5.447	21.28	495.7	402.5	23.39	4.035	1.991	4.215	3.138	307.6	2.546
Denmark	(DKr)	52.30	10	8.689	2.541	1.054	2571	2.849	11.13	259.2	210.5	12.23	2.110	1.041	2.204	1.641	160.9	1.332
France	(FFr)	60.18	11.51	10	2.925	1.213	2958	3.278	12.81	298.3	242.3	14.08	2.429	1.198	2.537	1.888	185.1	1.532
Germany	(DM)	20.58	3.935	3.419	1	0.415	1011	1.121	4.379	102.0	82.83	4.814	0.830	0.410	0.867	0.646	63.29	0.524
Ireland	(I£)	49.63	9.491	8.247	2.412	1	2440	2.704	10.56	246.0	199.8	11.61	2.003	0.988	2.092	1.557	152.7	1.264
Italy	(L)	2.034	0.389	0.338	0.099	0.041	100.	0.111	0.433	10.08	8.190	0.476	0.082	0.041	0.086	0.064	6.259	0.052
Netherlands	(Fl)	18.36	3.511	3.050	0.892	0.370	902.4	1	3.907	91.01	73.90	4.295	0.741	0.365	0.774	0.576	56.47	0.467
Norway	(NKr)	46.99	8.985	7.807	2.283	0.947	2310	2.559	10	232.9	189.1	10.99	1.896	0.935	1.980	1.474	144.5	1.196
Portugal	(Es)	20.17	3.857	3.352	0.980	0.406	991.6	1.099	4.293	100.	81.20	4.719	0.814	0.402	0.850	0.633	62.05	0.514
Spain	(Pta)	24.84	4.750	4.128	1.207	0.500	1221	1.353	5.287	123.1	100.	5.811	1.002	0.495	1.047	0.779	76.41	0.633
Sweden	(SKr)	42.75	8.174	7.103	2.077	0.861	2101	2.329	9.098	211.9	172.1	10	1.725	0.851	1.802	1.341	131.5	1.089
Switzerland	(SFr)	24.78	4.739	4.117	1.204	0.499	1218	1.350	5.274	122.8	99.75	5.797	1	0.493	1.044	0.778	76.22	0.631
UK	(£)	50.23	9.605	8.346	2.441	1.012	2469	2.736	10.69	249.0	202.2	11.75	2.027	1	2.117	1.576	154.5	1.279
Canada	(C$)	23.73	4.537	3.942	1.153	0.478	1166	1.292	5.050	117.6	95.51	5.550	0.957	0.472	1	0.744	72.98	0.604
US	($)	31.87	6.095	5.296	1.549	0.642	1567	1.736	6.783	158.0	128.3	7.456	1.286	0.635	1.343	1	98.03	0.812
Japan	(Y)	32.51	6.217	5.402	1.580	0.655	1598	1.771	6.919	161.2	130.9	7.605	1.312	0.647	1.370	1.020	100.	0.828
Ecu		39.27	7.510	6.525	1.909	0.791	1930	2.139	8.358	194.7	158.1	9.187	1.585	0.782	1.655	1.232	120.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Sep 22	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.15023	-0.00185	-2.12	5.20	15
Belgium	40.2123	39.4746	-0.033	-1.83	4.90	13
Ireland	0.808628	0.795205	+0.000727	-1.66	4.71	11
Germany	1.94964	1.91861	-0.00171	-1.59	4.64	11
France	6.53883	6.55645	-0.00221	0.30	2.67	-3
Portugal	192.854	195.540	+0.399	1.39	1.56	-8
Denmark	7.43679	7.54129	-0.00783	1.41	1.55	-10
Spain	154.250	158.840	+0.153	2.98	0.00	-21
NON ERM MEMBERS						
Greece	264.513	292.263	+0.009	10.49	-6.80	-
Italy	1793.19	1939.79	+12.13	8.18	-4.81	-
UK	0.786749	0.785573	-0.000091	-0.15	3.13	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6462	0.6461	-0.0010	0.6468	0.6451	25,191	71,763
Mar	-	0.6470	-	-	0.6467	53	4,100
Jun	-	0.6489	-	-	-	3	476

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0300	1.0266	-0.0042	1.0304	1.0253	18,563	46,273
Mar	1.0345	1.0346	-0.0042	1.0358	1.0345	74	2,373
Jun	-	1.0489	-	-	-	4	450

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Oct	Nov	Dec	PUTS Oct	Nov	Dec
1.500	7.53	7.56	7.70	-	0.07	0.38
1.525	5.16	5.35	5.71	0.03	0.32	0.81
1.550	2.95	3.41	3.95	0.31	0.86	1.52
1.575	1.30	1.94	2.53	1.10	1.82	2.52
1.600	0.40	0.96	1.56	2.65	3.27	3.97
1.625	0.07	0.39	0.87	4.80	5.19	5.76

Previous day's vol., Calls 5,422 Puts 10,949 . Prev. day's open int., Calls 464,849 Puts 331,206

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7810	0.7794	-0.0033	0.7816	0.7779	16,570	35,551
Mar	0.7810	0.7825	-0.0031	0.7826	0.7810	69	648
Jun	-	0.7845	-	-	0.7840	40	60

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5754	1.5752	-0.0016	1.5760	1.5726	7,477	31,857
Mar	-	1.5730	-	-	1.5710	1	288
Jun	-	1.5650	-	-	1.5650	1	8

WORLD INTEREST RATES

MONEY RATES

September 22	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4¾	5⅛	5¼	5⅞	6⅜	7.40	4.50	-
week ago	4¾	5⅛	5½	5⅞	6⅜	7.40	4.50	-
France	5¼	5¼	5⅜	5⅞	6½	5.00	-	6.75
week ago	5⅜	5¼	5⅝	5⅞	6⅛	5.00	-	6.75
Germany	4.72	5.00	5.05	5.23	5.63	6.00	4.50	4.85
week ago	4.93	5.00	5.03	5.18	5.53	6.00	4.50	4.85
Ireland	4⅞	5½	6⅛	6⅝	7⅜	-	-	6.25
week ago	4⅞	5½	6⅛	6⅝	7⅜	-	-	6.25
Italy	8⅛	8¼	8⅝	9¼	10⅜	-	7.50	8.25
week ago	8⅜	8¼	8⅞	9½	10⅜	-	7.50	8.45
Netherlands	4.84	5.04	5.13	5.36	5.76	-	5.25	-
week ago	4.84	5.04	5.07	5.24	5.62	-	5.25	-
Switzerland	3⅞	4	4⅛	4⅝	4⅞	6.625	3.50	-
week ago	3⅝	4	4⅛	4⅝	4⅝	6.625	3.50	-
US	4⅝	4⅞	5	5⅜	5⅞	-	4.00	-
week ago	4¾	4⅞	5	5⅜	5⅞	-	4.00	-
Japan	2⅛	2⅜	2⅛	2⅜	2⅝	-	1.75	-
week ago	2⅛	2⅜	2⅜	2⅜	2⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅛	5¼	5⅝	6⅜	-	-	-
week ago	-	5⅛	5⅜	5⅝	5⅞	-	-	-
US Dollar CDs	-	4.79	5.02	5.37	5.96	-	-	-
week ago	-	4.79	4.82	5.12	5.69	-	-	-
SDR Linked Ds	-	3⅝	3¾	3¾	4	-	-	-
week ago	-	3⅝	3⅞	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 5¾; 6 mths: 6¼; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Sep 22	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/16 - 4 11/16	4 13/16 - 4 11/16	5 1/16 - 4 15/16	5 7/16 - 5 5/16	5 15/16 - 5 13/16	6⅝ - 6½
Danish Krone	5⅞ - 5⅜	5⅞ - 5½	6 3/16 - 5⅞	6¾ - 6½	7⅜ - 7⅛	7⅞ - 7⅝
D-Mark	4⅛ - 3⅞	4 13/16 - 4 11/16	5 - 4⅞	5⅛ - 5	5 5/16 - 5 3/16	5¾ - 5⅝
Dutch Guilder	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5⅜ - 5¼	5 13/16 - 5 11/16
French Franc	5⅜ - 5¼	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅝ - 5½	5 15/16 - 5 13/16	6½ - 6⅜
Portuguese Esc.	12⅛ - 11⅞	9⅜ - 9	10 - 9⅝	10⅝ - 9¾	10 13/16 - 10	10⅞ - 10 7/16
Spanish Peseta	7½ - 7⅜	7½ - 7⅜	7⅝ - 7½	8 - 7⅞	8½ - 8⅜	9 1/16 - 8 15/16
Sterling	5⅛ - 4⅞	5⅛ - 5	5½ - 5⅜	5 13/16 - 5 11/16	6½ - 6⅜	7½ - 7⅜
Swiss Franc	3¾ - 3½	3 13/16 - 3 11/16	4 - 3⅞	4⅛ - 4	4½ - 4¼	4 13/16 - 4 11/16
Can. Dollar	4 13/16 - 4¼	4 13/16 - 4⅞	5 1/16 - 4 15/16	5⅜ - 5¼	5 13/16 - 5 11/16	6 13/16 - 6 11/16
US Dollar	4 13/16 - 4 11/16	4 13/16 - 4 11/16	4⅞ - 4¾	5 1/16 - 4 15/16	5 7/16 - 5 5/16	6 - 5⅞
Italian Lira	9 - 7½	8⅛ - 7⅞	8¼ - 8⅛	8 7/16 - 8 5/16	9¼ - 9⅛	10 7/16 - 10 5/16
Yen	2¼ - 2⅛	2¼ - 2⅛	2⅜ - 2¼	2⅜ - 2¼	2 7/16 - 2 5/16	2⅝ - 2½
Asian $Sing	1 1/16 - 1 1/16	1⅜ - 1¼	2¼ - 2⅛	3¼ - 3⅛	4 - 3½	4⅜ - 4¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.99	94.00	+0.01	94.02	93.98	11,715	44,959
Mar	93.49	93.49	-0.01	93.51	93.48	8,309	33,519
Jun	93.09	93.08	-	93.10	93.07	4,043	28,954
Sep	92.77	92.74	-0.03	92.79	92.75	1,244	19,505

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.07	94.07	-0.03	94.08	94.07	52	2061
Mar	93.70	93.70	-0.02	93.71	93.70	41	1455
Jun	93.33	93.33	-0.02	93.33	93.33	2	278
Sep	-	93.04	-0.01	-	-	0	52

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.67	94.70	+0.04	94.71	94.66	33410	188854
Mar	94.23	94.28	+0.06	94.29	94.23	24195	179814
Jun	93.78	93.85	+0.08	93.88	93.78	15686	104473
Sep	93.44	93.50	+0.08	93.53	93.44	4772	66295

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.38	90.29	-0.11	90.41	90.25	6242	31897
Mar	89.60	89.51	-0.11	89.61	89.46	3014	18518
Jun	89.13	89.04	-0.10	89.13	88.98	965	15643
Sep	88.83	88.71	-0.12	88.83	88.69	612	14633

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.48	95.55	+0.06	95.56	95.48	5282	23351
Mar	95.12	95.15	+0.07	95.15	95.12	630	10932
Jun	94.76	94.80	+0.08	94.80	94.76	400	6172
Sep	94.46	94.50	+0.08	94.50	94.46	43	724

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.42	93.47	+0.07	93.48	93.42	963	7373
Mar	92.83	92.86	+0.04	92.88	92.83	192	5432
Jun	92.39	92.42	+0.04	92.42	92.37	48	2306
Sep	91.95	92.00	+0.05	92.01	91.95	194	1078

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.09	94.08	-0.01	94.09	94.06	213,982	535,126
Mar	93.72	93.72	-	93.74	93.70	150,983	399,984
Jun	93.34	93.34	-0.01	93.36	93.33	99,006	285,421

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.61	94.61	-0.02	94.62	94.61	4,822	14,444
Mar	-	94.24	-0.06	94.24	-	580	6,896
Jun	-	93.87	-0.06	-	-	49	2,330

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	Nov	Dec	Mar	PUTS Oct	Nov	Dec	Mar
9450	0.24	0.26	0.29	0.18	0.04	0.06	0.09	0.40
9475	0.08	0.11	0.14	0.09	0.13	0.16	0.19	0.56
9500	0.02	0.03	0.05	0.05	0.32	0.33	0.35	0.77

Est. vol. total, Calls 16527 Puts 5243. Previous day's open int., Calls 153600 Puts 152079

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9550	0.14	0.13	0.07	0.09	0.48	0.77
9575	0.04	0.06	0.03	0.24	0.66	0.98
9600	0.02	0.03		0.47	0.88	

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1880 Puts 610

UK INTEREST RATES

LONDON MONEY RATES

Sep 22	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	10 - 4¼	5¼ - 5	5 7/16 - 5 5/16	5 13/16 - 5 11/16	6⅜ - 6 7/16	7½ - 7⅜
Sterling CDs	-	-	5 13/16 - 5⅜	5⅞ - 5¼	6 7/16 - 6 5/16	7⅜ - 7¼
Treasury Bills	-	-	5⅜ - 5¼	5 13/16 - 5 11/16	-	-
Bank Bills	-	-	5⅜ - 5¼	5 13/16 - 5 11/16	6⅛ - 6⅛	-
Local authority deps.	4 13/16 - 4 11/16	5 5/16 - 5 3/16	5 7/16 - 5 5/16	5 13/16 - 5 11/16	6 7/16 - 6 5/16	7 7/16 - 7 5/16
Discount Market deps	7½ - 4⅝	5 5/16 - 4 13/16	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.0940pc. ECGD fixed rate Stg. Export Finance. Make up day Aug 31, 1994. Agreed rate for period Sep 26, 1994 to Oct 25, 1994, Schemes II & III 6.82pc. Reference rate for period July 30, 1994 to Aug 31, 1994, Schemes IV & V 5.578pc. Finance House Base Rate 6½pc from Sep 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.11	93.18	+0.11	93.20	93.10	42983	166543
Mar	92.14	92.26	+0.16	92.28	92.13	18126	89663
Jun	91.49	91.58	+0.14	91.61	91.48	7314	56187
Sep	91.07	91.13	+0.10	91.16	91.05	4243	52681

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9300	0.40	0.14	0.16	0.22	0.88	1.58
9325	0.25	0.09	0.11	0.32	1.08	1.78
9350	0.13	0.04	0.08	0.45	1.28	2.00

Est. vol. total, Calls 10957 Puts 10745. Previous day's open int., Calls 271722 Puts 177394

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.25	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk.	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75	● Members of London Investment Banking Association	
Brit Bk of Mid East	5.25	Hongkong & Shanghai	6.25	* In administration	
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	* Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

MONEY MARKET FUNDS

Money Market Trust Funds

Gross | Net | Gross CAR | Int Cr

CAF Money Management Co Ltd
48 Pembury Road, Tonbridge TN9 2JD 0732 770114
Calcash Deposit Fund | 4.80 | - | 4.86 | 3-Mth
Deposits Over £1 million | 4.90 | - | 4.96 | 3-Mth
Deposits Over £2 million | 5.00 | - | 5.09 | 3-Mth

The COIF Charities Deposit Account
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit | 5.00 | - | 5.09 | 3-Mth

Cent. Bd. of Fin. of Church of England‡
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit | 5.00 | - | 5.00 | 3-Mth

Money Market Bank Accounts

Gross | Net | Gross CAR | Int Cr

Allied Trust Bank Ltd
25 Dowgate Hill, London, EC4R 2AT 071-626 0879
TOMMA (£2,001+) | 6.54 | 4.90 | 6.54 | Yearly
TREMMA (£2,001+) | 5.85 | 4.39 | 5.85 | Yearly
TOMMA (£2,001+) | 5.64 | 4.23 | 5.64 | Yearly
OMMA (£2,001+) | 5.33 | 3.99 | 5.33 | Yearly
HICA (£2,001+) | 4.00 | 3.00 | 4.07 | Mth
HIBCA (£2001+) | 4.00 | 3.00 | 4.07 | Mth
Premier TESSA | 6.87 | 5.15 | 6.87 | Yearly

American Express Bank Ltd
Sussex House, Burgess Hill RH15 9AQ 0444 232444
High Performance Cheque Account
£500-£999.99 | 1.00 | 0.75 | 1.00 | Mth
£1,000-£4,999.99 | 3.50 | 2.63 | 3.56 | Mth
£5,000-£9,999.99 | 3.75 | 2.81 | 3.82 | Mth
£10,000-£24,999.99 | 4.00 | 3.00 | 4.07 | Mth
£25,000-£49,999.99 | 4.25 | 3.19 | 4.33 | Mth
£50,000+ | 4.75 | 3.56 | 4.85 | Mth

Arbuthnot Latham & Co Ltd
30 City Road, London EC1Y 2AY 071-628 6070
Treasury Account — for professional advisers
£25,000-£49,999 | 4.75 | 3.5625 | 4.85 | Mth
£50,000 or more | 5.00 | 3.75 | 5.12 | Mth
Multiple Inv Acc — for personal and business clients
Up to £9,999 | 3.25 | 2.4375 | 3.30 | Mth
£10,000 - £24,999 | 4.00 | 3.00 | 4.07 | Mth
£25,000 - £49,999 | 4.50 | 3.375 | 4.59 | Mth
£50,000 or more | 4.75 | 3.5625 | 4.85 | Mth
Money Market quotations - please telephone

Bank of Ireland High Interest Cheque Acc
36-40 High St, Slough SL1 1EL 0753 516516
£10,000+ | 4.000 | 3.000 | 4.060 | Qtr
£2,000-£9,999 | 3.00 | 2.250 | 3.034 | Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH 071-601 6446
BM Chq Acc £2,500-£24,999 | 3.50 | 2.62 | 3.56 | Mth
£25,000-£249,999 | 4.00 | 3.00 | 4.07 | Mth
£250,000+ | 5.50 | 4.12 | 5.64 | Mth

Barclays Select
PO Box 120, Westwood Bs Pk, Coventry 0800 400100
£2,000-£9,999 | 4.75 | 3.56 | 4.75 | Yearly
£10,000-£24,999 | 5.25 | 3.94 | 5.25 | Yearly
£25,000-£49,999 | 5.50 | 4.13 | 5.50 | Yearly
£50,000-£99,999 | 5.60 | 4.20 | 5.60 | Yearly
£100,000+ | 5.75 | 4.31 | 5.75 | Yearly

Barclays Prime Account H.I.C.A.
Wavertree Boulevard, Liverpool 051-254 6236
£1,000-£2,499 | 2.50 | 1.88 | 2.52 | Qtr
£2,500-£9,999 | 2.75 | 2.06 | 2.78 | Qtr
£10,000-£24,999 | 3.25 | 2.44 | 3.29 | Qtr
£25,000+ | 3.75 | 2.81 | 3.80 | Qtr

Brown Shipley & Co Ltd
Founders Court, Lothbury, London EC2 071-606 9833
HICA | [illegible] | 4.32 | Qtr
Prof Deposit A/c | [illegible] | 4.32 | Qtr

Caledonian Bank Plc
8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235
HICA | 5.25 | 3.9375 | - | Yearly

Cater Allen Ltd
20 Birchin Lane, London EC3V 9DJ 071-623 2070
HICA | 3.75 | 2.82 | 3.82 | Mth
Fixed £50,000+ | 4.94 | - | 5.05 | Mth
Overnight £50,000+ | 4.75 | - | 4.85 | Mth

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH 071-248 4000
£2,500-£19,999 | 3.75 | 2.81 | 3.80 | Mth
£20,000-£49,999 | 4.00 | 3.00 | 4.06 | Mth
£50,000-£99,999 | 4.25 | 3.19 | 4.31 | Mth
£100,000+ | 4.50 | 4.31 | 4.57 | Mth
$5,000-$49,999 | 2.75 | 2.06 | 2.78 | Mth
$50,000-$99,999 | 3.25 | 2.44 | 3.30 | Mth
$100,000-$199,999 | 3.50 | 2.63 | 3.56 | Mth
$200,000+ | 3.75 | 2.81 | 3.82 | Mth
Many other currencies are available - for rates please phone ext 2166

Clydesdale Bank Flexible Solution Acc
30 St Vincent Place, Glasgow G1 2HL 041-248 7070
£10,000-£49,999 | 3.70 | 2.78 | 3.75 | Qtr
£50,000-£249,999 | 3.80 | 2.85 | 3.85 | Qtr
£250,000 and over | 4.50 | 3.38 | 4.58 | Qtr

The Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0345 252000
TESSA | 5.75 | - | - | Yearly
Pathfinder – Card Based Current Account
All Balances | 4.90 | 3.68 | 5.01 | Mth
Investment 60 – 60 Day Notice Savings
£50,000+ | 5.56 | 4.17 | 5.64 | 6-Mth
£25,000-£49,999 | 4.81 | 3.61 | 4.87 | 6-Mth
£10,000-£24,999 | 4.31 | 3.23 | 4.36 | 6-Mth
£5,000-£9,999 | 3.31 | 2.48 | 3.34 | 6-Mth
Top Tier – Instant Access Savings
£50,000+ | 3.80 | 2.83 | 3.83 | 6-Mth
£10,000-£49,999 | 3.00 | 2.25 | 3.02 | 6-Mth
£5,000-£9,999 | 2.00 | 1.50 | 2.01 | 6-Mth
Business Deposit – Instant Access
£250,000+ | 4.37 | 3.28 | 4.42 | 6-Mth
£50,000-£249,999 | 3.31 | 2.48 | 3.34 | 6-Mth

Coutts & Co
440 Strand, London WC2R 0QS 071-753 1000
Coutts Composite Account for clients money
15 Lombard Street, London EC3V 9AU 071-623 1600
Rates negotiable up to | 4.684 | - | - | -

Dao Heng Bank (London) PLC Premier Acc
10 Angel Court, London EC2R 7HP 071-600 1618
£50,000+ | 5.50 | 4.13 | 5.61 | Qtr
£10,001-£50,000 | 4.50 | 3.37 | 4.58 | Qtr
£2,500-£10,000 | 4.00 | 3.00 | 4.06 | Qtr
Savings Account | 3.00 | 2.25 | 3.03 | Qtr

Davenham Tst Plc–Davenham 500 Acc
8 St John St, Manchester M3 4DU 061-832 8484
£10,000+ 6 Mths | 7.50 | 5.625 | 7.84 | 6-Mth
£10,000+ 1 Year | 8.00 | 6.00 | 8.00 | Yearly
£5,000+ Fixed Rate Bnd 2 Yrs | 8.25 | 6.1875 | 7.94 | -

Fidelity Money Market Account
Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth, Surrey, KT20 6RB
£1-£999 | 1.00 | 0.75 | 1.00 | Qtr
£1,000-£9,999 | 4.00 | 3.00 | 4.00 | Qtr
£10,000-£24,999 | 4.50 | 3.375 | 4.58 | Qtr
£25,000-£99,999 | 5.00 | 3.75 | 5.09 | Qtr
£100,000+ | 5.20 | 3.90 | 5.30 | Qtr
£500,000+ Money Market Rates on request

Halifax Bldg Soc Asset Reserve Cheque Acc
Trinity Road, Halifax HX1 2RG 0422 335333
Rates for personal customers
£50,000 and above | 5.65 | 4.30 | 5.66 | Qtr
£25,000 to £49,999 | 5.50 | 4.13 | 5.61 | Qtr
£10,000 to £24,999 | 5.15 | 3.86 | 5.25 | Qtr
£5,000 to £9,999 | 4.50 | 3.38 | 4.58 | Qtr
Rates for non-personal customers
£50,000 and above | 5.25 | 3.94 | 5.35 | Qtr
£25,000 to £49,999 | 4.75 | 3.56 | 4.84 | Qtr
£10,000 to £24,999 | 4.50 | 3.38 | 4.58 | Qtr
£5,000 to £9,999 | 4.25 | 3.19 | 4.32 | Qtr

Julian Hodge Bank Ltd
10 Windsor Place Cardiff CF1 3SX 0222 220800
6 Mth Fixed Rate Deposit Acc | 6.50 | 4.88 | 6.61 | -
3 Mth Fixed Rate Deposit Acc | 6.25 | 4.69 | 6.40 | -
1 Mth Fixed Rate Deposit Acc | 6.25 | 4.69 | 6.43 | -

Humberclyde Finance Group
5 Bartley Way, Hook, Basingstoke 0256 760000
£50,000+ | 5.75 | 4.31 | 5.88 | Qtr

Leopold Joseph & Sons Limited
29 Gresham Street, London EC2V 7EA 071-588 2323
Treasury High Interest Cheque Account
£25,001-£100,000 | 4.75 | 3.5625 | 4.8354 | Qtr
£100,001 plus | 5.00 | 3.7500 | 5.0948 | Qtr

Kleinwort Benson Ltd
10 Fenchurch St, London EC3M 3LB (Kentish Town Rd, London NW5 2BT) 071-267 1500
H.I.C.A. (£2,500+) | 4.0 | 3.0 | 4.07 | Daily

Kleinwort Benson Private Bank
(A division of Kleinwort Benson Investment Management Ltd)
10 Fenchurch St, London EC3M 3LB 071-267 1500
H.I.C.A. (£2,000+) | 3.80 | 4.025 | 4.07 | -

Lloyds Bank – Investment Account
71 Lombard St, London EC3P 3BS 0272 433372
£100,000 and above | 5.25 | 3.94 | 5.25 | Yearly
£50,000+ | 5.15 | 3.86 | 5.15 | Yearly
£25,000+ | 4.95 | 3.71 | 4.95 | Yearly
TESSA | 4.75 | 3.56 | 4.75 | Yearly

Midland Bank plc
PO Box 2, Sheffield 071 709 8430
Exchequer Acc £5000+ | 3.75 | 2.81 | 3.75 | Yearly
£10,000+ | 4.50 | 3.37 | 4.50 | Yearly
£25,000+ | 5.00 | 3.75 | 5.00 | Yearly
£50,000+ | 5.50 | 4.12 | 5.50 | Yearly
TESSA | 6.25 | - | 6.25 | Yearly

Nationwide Bldg Soc – BusinessInvestor
Business High Interest Cheque Account
Pipers Way, Swindon SN38 1NW 0800 335588
£2,000-£4,999 | 3.30 | 2.48 | 3.34 | Qtr
£5,000-£9,999 | 3.80 | 2.85 | 3.85 | Qtr
£10,000-£24,999 | 4.30 | 3.23 | 4.37 | Qtr
£25,000-£49,999 | 4.80 | 3.60 | 4.89 | Qtr
£50,000+ | 5.30 | 3.98 | 5.41 | Qtr

Portman Bldg Soc Prestige Cheque Account
Richmond Hill, Bournemouth, BH2 6EP 0800 563563
£50,000+ | 5.50 | 4.13 | 5.50 | Yearly
£25,000-£49,999 | 5.00 | 3.75 | 5.00 | Yearly
£10,000-£24,999 | 4.50 | 3.38 | 4.50 | Yearly
£10,000-£19,999 | 3.50 | 2.63 | 3.50 | Yearly
£2,500-£9,999 | 2.50 | 1.88 | 2.50 | Yearly

Rea Brothers Limited, Bankers
Aldermans Walk, London EC2M 3XR 071-623 1155
Professionals' Client Accounts | 5.25 | 3.93 | 5.38 | Mth
Professionals' Office Account | 4.75 | 3.56 | 4.85 | Mth
£5,000+ Instant Access Dep Acc | 4.75 | 3.56 | 4.83 | Mth

Royal Bank of Scotland plc Premium Acc
42 St Andrew Sq, Edinburgh EH2 2YE 031-523 8000
£50,000+ | 3.75 | 2.81 | 3.80 | Qtr
£25,000 - £49,999 | 3.50 | 2.63 | 3.55 | Qtr
£10,000 - £24,999 | 2.75 | 2.06 | 2.78 | Qtr
£5,000 - £9,999 | 2.00 | 1.50 | 2.02 | Qtr
£2,000 - £4,999 | 1.50 | 1.13 | 1.51 | Qtr

Save & Prosper/Robert Fleming
16-22 Western Rd, Romford RM1 3LB 0800 282101
Client Account | 4.13 | 3.09 | 4.21 | Daily
TESSA Fixed 1 Year | 6.31 | - | 6.50 | Mth
TESSA Variable | 4.88 | - | 5.00 | Mth

Tyndall Bank plc
29-33 Princess Victoria St, Bristol 0272 744720
HIMA £5000+ Master Plus | 3.750 | 2.813 | 3.800 | Qtr
Deposit HIMA £10000+ | 3.875 | 2.906 | 3.932 | Qtr
HIMA £50000+ | 4.000 | 3.000 | 4.060 | Qtr
HIMA £100000+ | 4.125 | 3.094 | 4.189 | Qtr
Tyndall TESSA | 4.875 | - | 4.965 | Qtr

United Dominions Trust Ltd
PO Box 92, Herts, EN4 0UY 081-447 2438
Capital Plus Cheque Account
£1,000+ | 5.25 | 3.94 | 5.35 | Qtr

United Trust Bank Ltd (formerly ULG)
1 Great Cumberland Pl, London W1H 7AL 071-258 0094
£10,000–60 day notice | 6.75 | 5.06 | 6.92 | 3-Mth
£10,000–180 day notice | 7.50 | 5.63 | 7.64 | 6-Mth
£25,000 – 1 Year | 7.25 | 5.44 | - | Yearly

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS 071-382 6000
Special Acc | 4.500 | 3.38 | 4.57 | Mth
£10,000 and above | 4.750 | 3.56 | 4.85 | Mth

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141
£15,000+ | 5.25 | 3.94 | 5.36 | Qtr
£5,000-£14,999 | 5.00 | 3.75 | 5.09 | Qtr
£1,000-£4,999 | 4.75 | 3.56 | 4.84 | Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Sep 22 / Sch)

BELGIUM/LUXEMBOURG (Sep 22 / Frs.)

DENMARK (Sep 22 / Kr)

FINLAND (Sep 22 / Mks)

FRANCE (Sep 22 / Frs.)

GERMANY (Sep 22 / Dm.)

ITALY (Sep 22 / Lire)

NETHERLANDS (Sep 22 / Fls.)

NORWAY (Sep 22 / Kroner)

SPAIN (Sep 22 / Pta.)

SWEDEN (Sep 22 / Kronor)

SWITZERLAND (Sep 22 / Frs.)

PACIFIC

JAPAN (Sep 22 / Yen)

Ryobi	630	+4	658	447		—	
Sakura	1,310	−10	1,540	1,230	—	—	
Sanden	595	+1	704	515	—	—	
Sankyo	2,450	+40	2,880	2,110	0.4	—	
Sanno	1,520	+10	2,150	1,010	...	—	
SnwaBk	1,940	−10	2,370	1,850	...	—	
SnwaSh	970	+9	1,000	865	...	—	
SnyoEl	572	+2	609	415	—	—	
Spporo	925	+3	1,000	870	...	—	
Secom	6,790	—	7,280	6,350	0.6	—	
SegaEn	6,330	+40	9,540	6,100	—	—	
SeibuR	4,080	−40	4,650	3,370	—	—	
SeinoT	1,870	+10	1,900	1,580	0.6	—	
SeiyoF	1,330	−20	1,390	1,080	...	—	
Seiyu	1,400	+70	1,510	1,260	—	—	
SekChm	1,060	—	1,160	956	...	—	
Sekhse	1,190	....	1,490	1,150	1.5	—	

AUSTRALIA (Sep 22 / Aust$)

NBHPet	3.70	+.02	4.15	3.05	3.5	24.8
PacDun	4.14	−.01	5.92	3.97	5.4	...
Pancon	1.78	−.04	2.15	1.38	—	—
Pasmnco	2.15	+	2.43	1.53	—	—
Pionin	3.13	−.02	3.46	2.60	4.8	13.0
PlaPac	3.90	+.10	4.05	2.49	6.2	—
Pkdnc	6.03xd	+.09	9.25	5.80	1.0	—
PosGld	3.82xd	+.09	4.30	2.83	2.6	—
QBE In.	5.73	+.01	6.96	4.60	4.4	—
QCT Rs	1.48	−.02	1.74	1.15	8.1	...
RnsnGd	5.56	+.06	6.25	4.28	0.4	...
Rothmn	5.05	—	5.20	4.82	...	...
Santos	3.78	—	4.52	3.68	7.1	8.8
SmthHw	6.15xd	+.07	7.10	5.95	4.9	—
SonGwa	11.42	+.22	11.42	8.10	4.4	—
Sthc'p	3	−.11	3.90	2.85	...	...
Stckld	2.83	+.02	3.70	2.80	8.5	20.2

HONG KONG (Sep 22 / H.K.$)

MALAYSIA (Sep 22 / MYR)

SINGAPORE (Sep 22 / S$)

NORTH AMERICA

CANADA

TORONTO (Sep 22 / Can $) 4 pm close

83829	AlcitaE	21⅛	−⅛	$21¼	21	2300	PhilEn	7½		$7½	7½
1000	AlbNtB x	15½	+⅛	$15½	15½	691137	PlDome	33¾	+¾	$33¾	32⅞
100739	AlcnAl	35¼	−⅛	$35⅜	35⅛	8467	PowrCp	19⅞	+⅛	$20	19¾
1780080	AmBarr	35¼	+½	$35⅜	34½	16450	PowrFn	28¾	+¼	$28¾	29
3200	AtcoCl x	13⅞	−⅛	$13⅞	13¾	4100	RayrkY	17		$17	16⅞
219280	Avenor	28¾		$28¾	28⅛	200	RelanS	17		$17	17
4550	BCSugA	8	+⅛	$8	7⅞	452	Rothmn	78		$78	77½
21476	BC Tel	25½		$25⅝	25½	28420	RngOil	8½		$8¾	8½
1584780	BCE x	48⅞	+⅝	$48⅞	48½	296	ReedSr	26	−1⅛	$26	26
48785	BCE Mb	37⅞	−⅜	$38	37⅞	487375	Ren En	29⅛	+⅜	$29¼	29
10200	BBR A	16		$16	15⅞	74500	Repap	6⅝		$6¾	6½
2000	Bmawk	10¾		$10¾	10¾	47250	Rigel	18	−¼	$18¼	18
331680	BkMont	23⅞		$24	23⅞	42894	RioAlg	25⅞	−¼	$26	25⅝
509230	BkNovS	25⅞	+⅛	$25⅞	25¾	72655	RogCmB	21	−⅛	$21½	21
45322	BeauEx	231	−7	238	231	498635	RoyBkC	27⅞	+⅛	$28⅛	27⅞
313390	BmbdrB	21¼	+⅛	$21⅜	21½	211750	RoyOak	5⅞	+⅛	$5⅞	5¾
500	Brmlea	5⅜		$5⅜	5⅜	1477	ScottP	14	+¼	$14	13⅞

MONTREAL (Sep 22 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Sep 22 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, September 22, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	16.5m	391	+3	Kobe Steel	4.2m	333	+6
NKK Corp	9.4m	289	+4	Sagami Railway	3.5m	491	-1
Sumitomo Mtl Ind	8.0m	346	+3	Toshiba	3.2m	751	-4
Kawasaki Steel	7.7m	438		Sumitomo Mtl Mng	3.1m	955	+10
Gen Sekiyu	4.7m	1,290	+30	Oki Electric	2.7m	780	-8

INDICES

US INDICES

Dow Jones	Sep 21	Sep 20	Sep 19	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3851.60	3869.09	3936.72	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.24	97.43	97.19	105.81 (21/1)	96.43 (13/5)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1500.56	1518.68	1552.53	1862.29 (2/2)	1500.56 (21/9)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	176.84	175.85	178.09	227.86 (3/1)	175.85 (20/9)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3888.92 (3932.01) Low 3808.85 (3858.67) (Theoretical♣)
Day's high 3876.16 (3934.70) Low 3821.99 (3868.76) (Actual♣)

Standard and Poors	Sep 21	Sep 20	Sep 19	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	461.46	463.36	470.85	482.80 (2/2)	438.92 (4/4)	482.80 (2/2/94)	4.40 (1/6/32)
Industrials♥	546.28	548.93	557.28	580.83 (15/9)	510.05 (21/4)	580.83 (15/9/94)	3.62 (21/6/32)
Financial	43.92	43.98	45.02	46.94 (14/6)	41.39 (4/4)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	254.71	255.81	258.63	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	454.77	458.15	461.13	487.89 (2/2)	422.87 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	760.71	766.74	776.72	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Sep 16	Sep 9	Sep 2	Year ago
Dow Jones Ind. Div. Yield	2.69	2.71	2.63	2.82
	Sep 21	Sep 14	Sep 7	Year ago
S & P Ind. Div. yield	2.41	2.37	2.37	2.51
S & P Ind. P/E ratio	20.64	20.91	20.96	27.52

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	463.75	465.00	+1.35	465.10	463.50	104,498	205,584
Mar	467.90	468.20	+1.35	468.20	467.90	555	8,501
Jun	-	471.50	-	471.50	-	14	2,041

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Dig Equip	5,566,000	28⅞	+1
Ford Motor	5,080,800	27½	−¼
LTV Corp	4,518,800	19⅝	—
Wal-Mart	4,113,700	23¾	+¼
RJR Nabisco	4,016,500	6¾	+¼
AT&T	3,795,900	54¾	−½
IBM	3,437,100	69½	−¾
Micron	3,304,600	39⅛	+1⅛
Merck	3,228,900	34⅛	+⅛
Chrysler	3,172,600	45⅝	−1

■ TRADING ACTIVITY

● Volume (million)

	Sep 21	Sep 20	Sep 19
New York SE	351.838	325.901	272.797
Amex	17.574	18.853	15.573
NASDAQ	292.278	273.917	237.144
NYSE			
Issues Traded	2,876	2,873	2,875
Rises	631	468	953
Falls	1,557	1,810	1,213
Unchanged	688	595	709
New Highs	18	31	67
New Lows	162	130	80

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close September 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	1994 Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
17 3/8	12 1/2	AAR	0.48	3.7	21	215	13 1/8	12 5/8	12 7/8	+1/4
16 7/8	12 5/8	A L Labs A	0.18	1.2	34	129	15 3/8	14 7/8	14 7/8	-1/2
76 1/4	57 5/8	AMP	1.68	2.3	26	1681	73 3/4	72 3/4	73 5/8	+3/4
72 3/4	52	AMR			65	7086	54 3/4	53 3/8	54 5/8	+1 5/8
5	3 1/2	ARX			12	123	3 3/4	3 3/4	3 3/4	-1/8
58 1/8	38 5/8	ASA	2.00	3.8	34	972	52 3/8	51 1/4	52 3/8	+3/4
31 3/8	25 3/8	AbbotL	0.76	2.4	18	13125	u31 5/8	30 5/8	31 1/2	+1 1/8
15 1/4	11 3/8	AbitibiPr	0.50	3.4	11	80	14 5/8	14 5/8	14 5/8	+1/8
23 5/8	17 3/4	ABM Ind	0.52	2.4		42	22	22	22	
16 1/8	11 1/8	Acclaim			27	321	14 7/8	14 5/8	14 7/8	+1/8
31	22 3/8	ACE Ltd	0.44	1.8	31	1367	25 1/4	25	25	-1/4
12 1/2	9 5/8	ACM Gvt In	1.09	11.4		214	9 3/4	d9 5/8	9 5/8	-1/8
10 1/8	7 1/8	ACM GvOpp	0.80	11.0		127	7 3/8	7 1/4	7 1/4	
10 5/8	7 1/2	ACM Gvt Sp	0.96	12.8		259	7 5/8	d7 1/2	7 1/2	-1/8
12	8 3/8	ACM Gvt Se	1.09	12.7		625	8 5/8	8 1/2	8 5/8	+1/4
11 3/4	8 3/8	ACM Man	1.08	12.5		145	8 5/8	8 1/2	8 5/8	+1/8
9 1/4	8	ACM Managd	0.72	8.9		414	8 1/4	d8	8 1/8	
18 1/2	8 3/4	AcmeCir	0.44	3.4	16	13	13 1/8	13	13	-1/8
9 7/8	6 1/2	Acme Elect			7	13	8 3/4	8 3/4	8 3/4	
28 3/4	23	Acordia	0.60	2.2	13	3	27 1/8	27 1/8	27 1/8	+1/8
13 3/4	5 3/4	Actava	0.36	3.4	2	567	10 5/8	10	10 1/2	+1/2
16 1/8	11 1/4	Acuson			117	227	15 1/4	14 3/4	15 1/4	+1/2
18 3/8	16 1/2	Adams Expr	0.48	2.8	0	38	17 1/4	17 1/8	17 1/8	-1/8
64	46 1/2	Ad Micro	3.00	5.0		69	60 1/4	58 3/4	60 1/8	+1 1/8
31 3/4	16 3/4	AdvMic	3.00	10.0	12	3858	30 1/4	29 1/8	29 7/8	+1/4
6 7/8	5	Advest Grp	0.16	3.1	8	12	5 1/8	5 1/8	5 1/8	
20	15	Advo Inc	0.10	0.6	118	43	17 3/4	17 1/2	17 3/4	-1/8
59 1/2	49 3/8	Aegon ADR	1.47	2.6	12	59	56 7/8	56 1/8	56 7/8	+5/8
65 3/4	44 7/8	AetnaL	2.76	6.1	6	3955	45 1/2	d44 5/8	45 1/8	-1/4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

4 pm close September 22

NYSE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
Continued from previous page										
49⅞	32⅝	Sallie Mae	1.40	4.2	6	3483	34¼	33½	33⅝	-⅛
13⅞	11⅞	Salomon Br	0.32	2.6		276	12⅜	12⅛	12⅜	+⅛
52¾	40¼	Salomn	0.64	1.6	5	1482	41⅛	40⅝	40⅝	-⅛
25	17½	SnDgGE	1.52	8.2	10	798	18½	18⅛	18½	+¼
10	7½	SantaFeERs	0.16	1.8	9	486	8⅞	8¾	8¾	
17⅝	13½	SFeGd				2589	16⅞	16⅝	16⅞	-⅛
40	31½	SantaFePac	2.80	8.4	15	86	33¾	33½	33½	-⅜
26¼	16½	SanFeP	0.10	0.5	12	5434	22	21½	22	
26	19⅜	SaraLee	0.64	2.8	15	4079	22⅝	22⅜	22½	+⅛
50⅛	42⅛	Scana Corp	2.82	6.6	11	1798	43⅜	43	43	-⅜
20½	12½	Scecrp	1.00	7.8	9	2055	12⅞	12¾	12⅞	
41¼	31¾	ScheringP			30	388	40¼	39⅞	40¼	+⅜
71⅞	54½	SchrPl	2.04	3.0	18	2880	68⅝	67¾	67¾	+⅛
63	50¼	Schlmb	1.20	2.2	22	3823	54⅛	53⅜	53⅜	-½
33⅞	23¾	Schwab(C)	0.28	1.0	13	882	29	28½	29	+¼
10¾	6⅛	Schwitzer			25	36	9	8¾	9	
45¾	24⅞	SciAtl	0.12	0.3	86	595	43¼	42¾	43	+⅛
16⅞	13	Scotsman	0.10	0.6	15	88	16	16	16	-⅛
66⅞	37¼	ScottP	0.80	1.3	16	6272	61¾	59½	59½	-1¾
28⅝	18⅝	ScuddrNAsF	0.21	0.9		214	23¾	23⅛	23¼	-⅛
12⅝	9½	ScuddrNEuF	0.16	1.6		39	10	9⅞	9⅞	-⅛
18¼	13½	SeaCnB	0.70	4.1	8	265	17⅛	16⅞	17	-¼
16½	14⅞	SeaC1.4625	1.46	9.3		4	15¾	15¾	15¾	-⅛
32⅝	26¼	Seagrm x	0.60	1.9	40	1834	31⅜	31	31¼	+¼
29¾	22¾	Seagull En			30	552	23⅜	23⅛	23⅛	
36¼	28⅝	Sealed Air			25	562	33⅜	32⅞	33	-⅛
55⅛	42⅛	SearsR	1.60	3.3	7	4548	48⅞	48½	48¾	+⅛

NASDAQ NATIONAL MARKET

4 pm close September 22

AMEX COMPOSITE PRICES

4 pm close September 22

FINANCIAL TIMES Friday September 23 1994

AMERICA

Dow left struggling by uncertain outlook

Wall Street

US stocks limped through the morning yesterday with an uncertain outlook on monetary policy as the sole guide post, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 2.36 better at 3,853.96, while the more broadly based Standard & Poor's 500 was up 1.41 at 462.87.

After two days of heated trading, activity on the Big Board slowed to a moderate pace. Some 175m shares were traded by early afternoon.

In the secondary markets, the American SE composite was off 0.76 at 454.01 and the Nasdaq composite added 0.65 to 761.36.

Investors spent the morning licking their wounds after the battering inflicted on Tuesday and Wednesday. The Dow industrial index, which had plummeted 86 points over the two days, crawled within a few points of its starting level for most of the session.

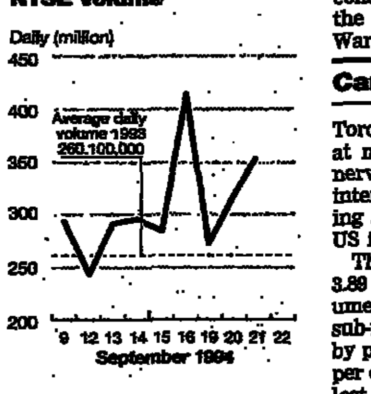
The focus was still monetary policy, with investors still trying to guess whether the Federal Reserve would lift interest rates next week or wait until after the November elections.

News of a modest decline in initial claims for unemployment benefit was not very helpful in this regard, nor was congressional testimony by Mr Alan Greenspan, the Fed chairman. The central banker shed no further light on the policy outlook.

Bonds were not much help either, though the benchmark 30-year issue was managing to hold on to a modest gain at 1pm. Left to their own devices, most stocks meandered without direction.

Among individual issues, NovaCare topped the NYSE's most active list, plunging $3⅝ to $11⅝ in heavy volume of 3.4m shares. JP Morgan downgraded the issue as the company, a provider of rehabilitative medical and social services, issued a profits warning.

NYSE volume



Borden appreciated $¼ to $14¼ as its board considered an offer to buy up to 90 per cent of the company's shares for $16 to $18 each. The plan was presented by Mr Paul Kazarian, a former Sunbeam-Oster chairman, as an alternative to a takeover proposal from Kohlberg Kravis Roberts.

On the Nasdaq, shares in Lotus Development were trading briskly a day after concerns emerged over the software developer's European sales. The issue skidded a further $2 to $37¼.

Amgen, the biotechnology concern, lost $1⅛ to $54¾ after the stock was struck off SG Warburg's buy list.

Canada

Toronto was marginally softer at midday with investors still nervous about the outlook for interest rates and many expecting a 50 basis point rise in the US federal funds rate.

The TSE 300 composite eased 3.89 to 4,354.73 at noon in volume of 30.7m shares. Of the 14 sub-indices, six were lower, led by precious metals which fell 1 per cent and base metals which lost 0.5 per cent.

Brazil

Equities were flat in volatile trading in São Paulo after a new opinion poll showed that presidential candidate, Mr Fernando Henrique Cardoso, had lost ground, suggesting that the contest could go into a second round after the vote on October 3.

The Bovespa index was off 6 at 53,429 by 11.55am in turnover of R$153m ($178.8m).

S Africa sees quieter session

The lack of follow through in the bullion price after it tested the $396 level left gold shares quieter with no major selling.

Industrials regained some stability after Wednesday's fall as buying crept back in at the new lower levels.

The overall index shed 28 to 5,754 and the industrial index also lost 28 to 6,340 while the gold index dipped 18 to 2,454.

Both De Beers and Anglos shed R1 to R105 and R242 respectively. Among gold stocks, Vaal Reefs shed R5 to R483, Oryx added 25 cents to R6.75 and Western Areas was down R1 at R70.

Gencor was 10 cents lower at R14.50 and Iscor lost 6 cents to R4.42.

Among the day's other movers SAB lost R1 to R82.50, Barlows fell R1 to R28.50 and Pick n Pay fell 35 cents to R11.25.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: September 16 1994	% Change over week	% Change on Dec '93	Local currency terms: September 16 1994	% Change over week	% Change on Dec '93
Latin America	(209)	769.79	+1.7	+18.3			
Argentina	(25)	977.50	+1.6	-1.7	599,820.36	+1.6	-1.7
Brazil	(57)	428.89	+1.7	+84.3	1,375,341,009	-0.0	+1,253.4
Chile	(25)	737.27	+2.4	+33.6	1,223.83	+2.0	+28.4
Colombia[1]	(11)	921.55	+2.2	+42.9	1,351.12	+3.3	+45.7
Mexico	(68)	991.71	+1.6	-1.5	1,461.49	+1.7	+8.3
Peru[2]	(11)	157.45	+3.2	+30.2	216.63	+3.2	+36.2
Venezuela[3]	(12)	565.56	+0.3	-4.4	2,210.25	+0.3	+55.5
Asia	(557)	287.50	+0.6	-1.2			
China[4]	(18)	107.56	-4.5	-27.9	120.37	-1.0	-26.6
South Korea[5]	(156)	142.43	+2.5	+20.5	149.76	+2.4	+19.3
Philippines	(18)	304.15	+0.2	-10.7	380.99	-0.1	-14.2
Taiwan, China[6]	(90)	161.11	+0.9	+19.2	158.53	+1.0	+18.5
India[7]	(76)	144.27	+0.7	+23.9	159.54	+0.7	+23.9
Indonesia[8]	(37)	114.67	-1.3	-8.0	135.51	-1.4	-4.8
Malaysia	(105)	325.69	+0.8	-3.9	307.15	+1.0	-8.8
Pakistan[9]	(15)	403.60	+3.4	+4.0	560.50	+3.4	+6.1
Sri Lanka[10]	(5)	208.18	+2.0	+17.5	223.93	+2.0	+17.3
Thailand	(55)	432.87	-1.2	-9.4	446.02	+2.7	-7.7
Euro/Mid East	(125)	115.21	-3.1	-32.0			
Greece	(25)	223.32	+0.5	-1.9	355.42	+0.9	-7.6
Hungary[11]	(5)	178.56	-5.9	+7.1	232.57	-6.2	+15.2
Jordan	(13)	153.43	-1.5	-7.3	219.99	-1.5	-8.1
Poland[12]	(12)	600.42	-5.5	-26.6	871.85	-5.5	-21.0
Portugal	(25)	127.50	-1.5	+12.0	137.79	-1.4	-0.3
Turkey[13]	(40)	107.80	-5.5	-49.3	1,711.46	-5.4	+17.6
Zimbabwe[14]	(5)	263.07	-1.1	+30.2	320.81	+0.4	+50.2
Composite	(891)	373.69	+0.9	+5.0			

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1993; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1992; (12)Dec 31 1992; (13)Aug 4 1989; (14)July 2 1993.

In spite of a setback in the performance of the world's emerging markets earlier this year there has been a pick-up during the last three months, which has left the IFC composite price index up some 5 per cent from the start of the year in dollar terms, *writes John Pitt.* Latin America has been the star region, by far outperforming Asia which has fallen into negative territory.

Kuala Lumpur set a new eight-month high on Wednesday and it looks set to continue to pull ahead. Kleinwort Benson in London has recently picked the market as one to watch, suggesting that a gain of some 20 per cent by the end of the year cannot be ruled out. Kleinwort's favours Malaysia as one of its "most favoured markets", although currently it is 4 per cent down in dollar terms from the start of the year.

Sri Lanka is picked by Lehman Brothers, following the parliamentary elections there last month and ahead of November's presidential election. Lehman's forecasts economic growth of 6.3 per cent this year, reinforced mainly by a 20 per cent gain in total investment, and funded by "sustained expansion in national savings and capital flows". In spite of the likelihood of short-term instability post-elections, Lehman's expects the economic fundamentals to attract investors "and compel the new government to hew fairly closely to the reform path, in spite of its populist electioneering".

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	WEDNESDAY SEPTEMBER 21 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY SEPTEMBER 20 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (68)	[illegible]															
Austria (18)	[illegible]															
Belgium (37)	[illegible]															
Canada (103)	[illegible]															
Denmark (33)	[illegible]															
Finland (24)	[illegible]															
France (97)	[illegible]															
Germany (58)	[illegible]															
Hong Kong (56)	[illegible]															
Ireland (14)	[illegible]															
Italy (58)	[illegible]															
Japan (469)	[illegible]															
Malaysia (97)	[illegible]															
Mexico (18)	[illegible]															
Netherland (27)	[illegible]															
New Zealand (14)	[illegible]															
Norway (23)	[illegible]															
Singapore (44)	[illegible]															
South Africa (59)	[illegible]															
Spain (42)	[illegible]															
Sweden (36)	[illegible]															
Switzerland (47)	[illegible]															
United Kingdom (204)	[illegible]															
USA (516)	[illegible]															
EUROPE (717)	[illegible]															
Nordic (116)	[illegible]															
Pacific Basin (748)	[illegible]															
Euro-Pacific (1465)	[illegible]															
North America (619)	[illegible]															
Europe Ex. UK (513)	[illegible]															
Pacific Ex. Japan (279)	[illegible]															
World Ex. US (1645)	[illegible]															
World Ex. UK (1957)	[illegible]															
World Ex. So. Af. (2102)	[illegible]															
World Ex. Japan (1692)	[illegible]															
The World Index (2161)	[illegible]															

EUROPE

Paris edges up but fails to regain 1,900

Activity on the continent was generally patchy yesterday.

PARIS failed to regain the 1,900 level, lost on Wednesday, with the CAC-40 index finishing at 1,899.37, up 2.19, and a gain on the session low of 1,891. Turnover was FFr3.8bn.

In spite of the modest recovery brokers remained unsettled and did not rule out a decline today, with chart analysts suggesting that the index could strike 1,850.

Pinault-Printemps, down FFr33 at FFr906, was left trailing on news that it intended to sell a 6 per cent share stake to part-finance its purchase of a stake in FNAC, the book and record group. The price will be set on September 26, with the sale taking place between September 27 and September 29.

Crédit Lyonnais CI's, which are thinly traded, dipped FFr24 to FFr401 as the state controlled bank postponed the publication of first half results. Some reports suggested that the postponement was due to a disagreement with the government over details.

Air Liquide went in the other direction with a gain of FFr6 to FFr718 as investors took positions ahead of the release of first half results which came after the close and showed a gain in profits of 8 per cent.

FRANKFURT was generally quieter with turnover also falling back. In the official session the Dax index slipped 6.47 to 2,073.03. In Ibis afternoon trade the index settled at 2,072.81. Turnover was DM6bn.

Merrill Lynch, in a technical analysis of the market, reported that the index now had "more than a normal risk of a downside correction". A preliminary decline to retest support at 1,960 was possible, it added, with implications for a further fall to the 1,750 level.

MILAN was unnerved by the failure of the government and trades unions to reach an accord of pension reform at their first meeting yesterday, and the Comit index fell 7.21 or 1.1 per cent to 671.13.

Mr Nicolo Braendli at Akros Sim in Milan said that the market had been expecting an agreement from the meeting. However, the government's failure to secure one raised worries that any subsequent accommodation would not lead to the necessary structural reform of public finances.

Fiat fell L51 to L6,643 and Olivetti was L14 lower at L2,013 ahead of first-half results after the market closed.

Generali fell L221 to L39,663 and Toro was L499 lower at L27,021, ahead of six month figures late in the day. SAI was down L165 at L21,425 following news of improved interim figures.

Mediobanca was L225 lower at L13,759, while BCI, which is expected to report lower first half figures next week, fell L51 to L3,969.

Benetton dropped L999 or 4.5 per cent to L21,414 after the chairman was quoted as saying that while sales volumes had grown over 1993, turnover was little changed by value.

ZURICH edged higher, supported by firmer bond futures and gains in selected blue chips. The SMI index rose 3.9 to 2,602.9, but was unable to hold up at the day's peak of 2,614.1.

Gains in Roche's certificates, up SFr45 to SFr6,045, and UBS, SFr7 ahead at SFr1,197, helped to pull the market higher. Nestlé gained SFr4 to SFr1,200.

Swiss Re registered shares, strong gainers earlier this week, fell SFr3 to SFr563 on profit-taking as some investors switched into Winterthur, SFr11 higher at SFr645.

AMSTERDAM held the 400 support level in a quiet session. The AEX index closed the day down 0.73 at 400.36.

Unilever, off 20 cents at Fl 193.30, announced that it was to expand its operations in China.

COPENHAGEN was in a holding pattern as investors took stock of the outcome of the general election.

The KFX index was off 0.19 at 96.26.

Turnover was concentrated in banks, which slid back from early highs to close mixed. Danske Bank put on DKr1 to DKr325.

MADRID finished mixed with losses seen in high volume shares and the general index eased 0.33 to 294.46 in turnover of Pta23.6bn.

Repsol lost 2.4 per cent to Pta3,740 with the losses attributed to speculation about the next public share offering in the state-owned oil company.

ISTANBUL rose another 3.5 per cent after some late buying, triggered by portfolio switching towards companies with good nine month profit expectations. The composite index rose 853.69 to 25,196.20, for a three day rise of 10.6 per cent.

Written and edited by John Pitt and Michael Morgan

FT-SE Actuaries Share Indices

Sep 22	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1338.40	1338.26	1337.54	1335.76	1336.22	1337.56	1336.81	1334.32
FT-SE Eurotrack 200	1381.59	1383.17	1381.59	1378.42	1379.13	1380.10	1381.86	1377.84

	Sep 21	Sep 20	Sep 19	Sep 16	Sep 15
FT-SE Eurotrack 100	1340.34	1342.33	1356.96	1358.81	1368.54
FT-SE Eurotrack 200	1383.82	1386.74	1404.55	1408.28	1415.84

Base 1000 (26/10/90); Highday: 100 - 1347.50; 200 - 1389.62 Lowday: 100 - 1333.75 200 - 1381.66 † Partial

ASIA PACIFIC

Seoul at record high as Hong Kong weakens

Tokyo

Arbitrage unwinding and profit-taking ahead of the three-day weekend depressed prices, and the Nikkei erased the gains of the past two days, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 index lost 51.71 to 19,833.67 after a high of 19,907.58 and a low of 19,760.05.

Volume was 355m shares against Wednesday's 394m. The Topix index of all first section stocks fell 1.74 to 1,584.22 while the Nikkei 300 edged up 0.01 to 289.85. Losers led gainers by 575 to 425, with 189 issues unchanged.

In London, the ISE/Nikkei 50 index lost 1.93 to 1,297.61.

Analysts said brokers, looking to boost profits ahead of the September book closing, were unwinding their positions. On Thursday, the country's leading securities companies announced downward revisions for interim and annual earnings projections due to the lower-than-expected trading volumes during the first half.

Daiwa Securities fell Y20 to Y1,430 and Nikko Securities Y20 to Y1,090. Sanyo Securities, which announced on Wednesday that its capital ratio had dropped below the 200 per cent "safety" line, lost Y4 to Y556.

Profit-taking depressed high-technology stocks. Oki Electric, which had gained on Wednesday on expectations of higher earnings because of firm semiconductor demand, lost Y8 to Y780 while Toshiba declined Y4 to Y751.

Sumitomo Metal Mining rose Y10 to Y955 on rising gold prices.

Meanwhile, the Nihon Keizai Shimbun, the business daily which publishes the Nikkei 300, yesterday said that four component stocks are to be replaced. Japan Airlines, Maruha, Daito Trust Construction, and Sumitomo Warehouse will replace Mitsubishi Petrochemical, Hanwa, Nagasakiya, and Fujita Kanko. Mitsubishi Petrochemical will be delisted next month due to its merger with Mitsubishi Kasei, while the other three stocks are to be replaced due to lower trading volumes and market capitalisation.

In Osaka, the OSE average fell 16.23 to 22,073.35 in volume of 268.4m shares. Nintendo, the games maker, fell Y90 to Y5,880 on profit-taking.

Roundup

The region was mixed yesterday.

SEOUL finished at an all time higher after a third straight trading day of advances as investors sought large-capitalised blue chips and bank stocks.

The composite index closed 10.40 or 1.0 per cent higher at 1,034.01, taking the cumulative three day rise to 4.6 per cent.

Brokers said the strong advance prompted steady selling in anticipation of a consolidation, although it was more than offset by strong demand, especially of medium-priced blue chips like Goldstar and Daewoo Heavy Industries. Both went daily limit-up to record closes of Won31,800 and Won17,100 respectively.

HONG KONG tumbled 1.6 per cent on worries about the outlook for US interest rates as investors returned after Wednesday's holiday, but prices closed off lows on light bargain hunting by retail investors.

The Hang Seng index lost 156.61 to 9,688.14, having been down 240 points at one stage. Turnover improved to HK$4.84bn from HK$3.22bn.

HSBC Holdings eased HK$1.25 to HK$88.25. Hongkong Land recovered from a low of HK$18.65, finishing at HK$19, down 50 cents.

Shipping companies' shares continued to advance as funds bought in anticipation of a recovery in the global shipping industry. Wah Kwong Shipping Holdings rose HK$2.10 or 14.8 per cent to HK$16.30, after a 10.8 per cent advance on Tuesday, and IMC Holdings rose 42.5 cents or 9.2 per cent at HK$5.025.

The H share index lost 43.16 or 3.0 per cent to 1,399.14 in a delayed reaction to China's higher inflation rate.

TAIPEI saw late selling send prices lower and the weighted index closed down 1.6 per cent amid profit-taking on financials. The index fell 109.56 to 6,889.88 in turnover of T$54.2bn.

Among financials Cathay Life fell T$7 to T$215 and Chang Hwa Bank T$6 to T$199. Elite Group rose by the daily 7 per cent limit to T$54.50 for the second consecutive session since its debut on Wednesday.

SYDNEY rose modestly boosted in light turnover by a stronger gold price. The All Ordinaries index rose 1.6 to 2,028.2.

Turnover was A$586.9m.

Gold shares were actively bought on the firmer gold price, with Newcrest rising 13 cents to A$6.68.

SINGAPORE edged lower as attention focused on Malaysian OTC stocks. The Straits Times Industrials index lost 3.60 to 2,286.09, while the UOB-OTC index, which tracks mainly Malaysian stocks, dropped 15.01 to 1,281.57 on heavy profit-taking in the afternoon.

KUALA LUMPUR gave way to heavy afternoon profit-taking by retail and institutional investors and the composite index lost 11.26 to 1,179.88.

Some Singapore and Japanese funds were said to be booking profits after the recent run-up while investors were also unnerved by rumours, subsequently denied, that Bank Negara had issued tighter guidelines on financing of share purchases.

BOMBAY fell sharply on the last day of the account. The BSE 30 share index lost 55.33 to 4,451.75, although the broader 100-share national index gained 14.03 to 2,116.49 reflecting some scattered buying.

VENTURE AND DEVELOPMENT CAPITAL

Friday September 23 1994

Entrepreneurs who are trying to launch businesses face increasing difficulties in finding early finance, reports **Richard Gourlay**

Competition for new deals is intensifying

On the face of it, the UK venture capital industry is having a rip-roaring year. Contrary to the expectations of many in the industry this time last year, more than £1.4bn has been raised in the UK and the US for new funds during 1994, according to estimates by the British Venture Capital Association.

This fund raising has been encouraged by a burst of private equity-backed flotations in the last 18 months which have transformed the returns of some otherwise poor fund performances.

But this promising replenishment of funds masks, however, a continuing decline in availability of true venture capital. Less than 10 per cent of the new funds raised will be directed towards early stage investments or towards companies pioneering new products in new markets. And there are few signs that this long-term decline will be reversed.

"It's a real issue, no question about it," says Doug Brown, chairman of Advent International Europe, an investor in growing technology-based companies. "Entrepreneurs who are trying to get businesses started will find it difficult to find early finance and will have to seek alternative sources – individuals, family, strategic interests."

Among the small number of funds which have raised capital for early stage investments is Schroder Ventures, which raised a $100m life science fund. This fund-raising followed a rush to the London stock exchange by bio-technology companies in 1993, and will be invested internationally.

Otherwise, the funds have been raised by venture capital groups which focus on late stage development capital, providing acquisition finance for private companies ahead of flotation or management buy-outs.

Lamentable as supporters of unfinanced British ideas might find this, it is not surprising. As the private equity investment industry matures in the UK, better comparative performance records have become available.

Early stage companies take longer to provide their backers with the opportunity to realise their investment. Moreover, funds focused on this area have simply not performed as well as those which have backed more established businesses. As a result, fewer development capital companies are laying out their stall as providers of capital to early stage companies. To criticise them for ignoring start-ups is like criticising butchers for not selling fish.

In fact, the UK may be returning to a more normal level of investment in early stage companies after an aberrant surge. In the early 1980s, many relative newcomers to venture capital piled into early stage companies and start-ups, tempted by US successes, such as Apple and Compaq. The UK has proved very different to the US, however.

In the first place, there are not enough viable deals to justify the hiring of in-house expertise by more than a small number of venture capital funds . There are exceptions, such as the managers of the Schroder life science fund. But it is not surprising venture capitalists lacking that expertise are wary.

Furthermore, the UK is a much smaller market. As if developing a new product or service was not risky enough, smaller companies in the UK need to attack international markets much earlier in their lives than their US counterparts.

There are also more interesting questions than whether the UK venture capital industry is somehow failing early stage businesses. Why, for example, are more early stage companies not seeking corporate partners to help them develop products and bring them to market? And equally, why are large corporations not considering backing more start-ups in their field?

Irrespective of the amount which early stage venture capitalists have raised in this latest fund raising round, they have more than a passing interest in the health of later stage development capital and the buy-out funds. A repeat of the poor investments of the late 1980s would hurt the cause of private equity investors generally.

An even more crucial question is whether the UK industry has matured enough to resist going out and spending the wall of new money too quickly. One prominent venture capitalist says there will inevitably be a return of bad deals – such as Isosceles' purchase of Gateway and the Magnet management buy-out – on which many people burned fingers.

"There will be significant competition for some time forward," he says. "It will follow the same cycle. Funds are going to try to compete by going multinational, or by being user-friendly and cheap, doing turnarounds and focusing on specific sectors."

Prices might already be creeping up – "there is evidence that financial buyers are outbidding trade buyers in businesses where there are trade synergies to be had," says David Shaw, managing director of NatWest Ventures.

Underpinning these optimistic valuations is a faith that the economy is strong, that interest rates are going to remain relatively low and that the stock market will continue to look healthy long enough for there to be a profitable exit.

Some others including Candover, which recently raised a fund, disagree: "There has been a tendency to try to get an auction going among financial buyers," says Candover's chief executive, Stephen Curran. "But the competition has not increased. The amount of money has not changed over last few years – it replaces existing funds."

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Stephen Noar: the relationship between an entrepreneur and venture capitalists is "fraught with potential problems," he says — Picture: Tony Andrews

VENTURER OF THE YEAR

Winning smile reflects Denplan's success

By Vanessa Houlder

When Stephen Noar, a 38-year-old dentist, decided to set up a new company in 1986, the prognosis was not entirely promising. Market research found no perceived need for the business. At its marketing launch in the Guildhall, Winchester, only 29 people turned up.

But Noar's dogged belief in his idea paid off. From a standing start, he built up Denplan, the dental healthcare company sold for £42m last November.

This achievement, together with qualities such as "clear vision", "determination" and "insight", has just earned Noar the accolade of Venturer of the Year, an award sponsored by the Financial Times, Cartier the jewellers, and the British Venture Capital Association.

Much of Denplan's success can be attributed to Noar's prescience about the impending crisis within his profession. This dates back to his work in the mid-1980s at the Medical Defence Union, a provider of professional indemnity, where he saw countless examples of the way in which the National Health Service was failing dentists and their patients.

The problems, he reasoned, were exacerbated by the way dentists were paid. As dentists were paid purely for each item of treatment, they had no incentive to do preventative work. The piece-work basis of their pay, together with the pressures of seeing 30 to 50 patients a day, affected the quality of their work. At the same time, dentists' commitment to the health service was eroding as their incomes fell behind those of their peers.

With a colleague, Marilyn Orcharton, he saw an opportunity to form a company offering a private dental health care programme. Patients would pay a monthly fee to cover any work they might need, a system which would avoid the problems associated with piece-work pay. Dentists would set their own charges while delegating their administration to Denplan, which would take a fee for every registered patient.

Backers' reward

By last November, when the business was sold to Private Patients Plan for a total of £42m, the company had registered 20 per cent of UK dentists and 400,000 patients. Pre-tax profits in the year to end-April 1993 were £1m.

The company's success was shared by its backers. Advent, the venture capitalists, invested £850,000 in Denplan in early 1988 and achieved an internal rate of return of 52.7 per cent over five and a half years. F&C Ventures, the venture capitalists which bought out Orcharton's stake for £1m in 1991, made an internal rate of return of 132.1 per cent over 30 months. Both companies hope to benefit from further earn-out considerations.

Noar enjoyed a good relationship with his backers, although he reserves his warmest gratitude for the Midland bank manager who supported the business in its early days. However, he notes that the relationship between an entrepreneur and venture capitalists is "fraught with potential problems."

"If you are taking on board venture capitalists, you have to do it as an adult," he says. "You have to realise it will not be your company." This process is good for the business, he believes. "Owner-managers are are too possessive. They think they have all the answers."

Noar was not always prepared to admit he did not have the answers, however. One of

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VENTURE AND DEVELOPMENT CAPITAL 2

LEADING VENTURE FUNDS IN CONTINENTAL EUROPE

	Telephone	Country	Minimum invest. ECU(000)	Maximum invest. ECU(000)	Start Ups	Devel-opm't	Replac-ement	MBO/MBI	Sector preference (see key, below)
3i France	33 1 47 15 11 00	France	1,000	20,000	N	Y	Y	Y	T
3i Germany	49 69 7100 000	Germany	1,000	20,000	N	Y	Y	Y	T
3i Italy	39 2 72 00 32 10	Italy	1,000	10,000	N	Y	Y	Y	T
3i Spain	34 1 521 4419	Spain	1,000	10,000	N	Y	Y	Y	T
ABN-AMRO Corporate Investments	31 20 629 55 68	Netherlands	200	5,000	N	Y	Y	Y	T
ACT Venture Capital	353 1 260 0966	Rep. of Ireland	250	4,000	N	Y	Y	Y	T,(K),(P)
Alpinvest Holding NV	31 2159 52600	Netherlands	800	8,000	N	Y	Y	Y	T,(P)
Apax Partners & Co	49 89 9989090	Germany	500	5,000	Y	Y	Y	Y	G,S,N,O,C,B,D
Argos Soditic SA	41 22 786 94 11	Switzerland	1500	10,000	N	Y	Y	Y	D,G,K,O,M
Atlas Venture	33 1 42 60 00 56	France	250	2,000	Y	N	N	N	D,E,H,B,O
Atlas Venture Groep	31 20 697 3131	Netherlands	400	Open	Y	Y	Y	Y	T,E,B,O
BeneVent Management NV	32 2 725 14 40	Belgium	250	1,500	N	Y	N	Y	T
Beteiligungsgesellschaft für die deutsche Wirtschaft mbH	49 69 27 30 09-0	Germany	500	Open	P	Y	Y	Y	T
BUB Bayerische Unternehmensbeteiligungs AG	49 89 28 86 51	Germany	500	6,000	N	Y	Y	Y	T,(E),(H)
Capital Privé	33 1 42 33 51 56	France	1000	10,000	N	Y	Y	Y	T
Catalana D'iniciatives C.R. SA	34 3 317 81 61	Spain	357	1000	N	Y	Y	N	T
CD Technicom SA	32 41 21 98 11	Belgium	124	1250	Y	Y	Y	Y	D,E,H
Charterhouse SA	33 1 47 23 52 33	France	n/d	n/d	N	Y	Y	Y	M,S
Chase Gemina Italia Srl	39 2 6590351	Italy	500	13,000	N	Y	N	Y	G,R,M,S,N,D,H
Compagnie Financiere D'Epargne de De Placements	33 1 41 25 40 00	France	200	5,000	Y	Y	Y	Y	A,M,L,S,(B),(E),(P)
CVC Capital Beratungs GmbH	49 69 74 01 74	Germany	n/d	n/d	N	N	N	Y	T
CVC Capital Partners BV	31 30 6514311	Netherlands	0	Open	N	N	Y	Y	T
CVC Capital Partners SA	33 1 45 02 23 00	France	n/d	n/d	N	N	Y	Y	T
CWB Capital Partners Consulting GmbH	49 69 79 5,000-20	Germany	30,000	150,000	N	N	N	Y	M,G,O,H
Danish Development Finance Corporation	45 39 66 04 00	Denmark	30	4,000	Y	Y	N	N	E,H,B,O,L
Demachy Worms & Cie	33 1 44 13 35 01	France	500	2,500	N	Y	Y	Y	E,H
Edelson Technology Partners	33 1 45 53 89 84	France	80	1,600	N	Y	Y	N	D,E,H,R,(G),(S)
Epargne Partenaires SA	33 1 43 06 87 55	France	500	3,000	N	Y	N	Y	G,M,K
Europartenaires	33 1 40 07 05 18	France	3000	20,000	N	Y	Y	Y	G
Euroventures GVST (Suisse) Mgmt SA	41 22 343 50 00	Switzerland	500	1,500	N	Y	Y	N	T
Euroventures Management AB	46 8 24 77 90	Sweden	600	5,000	Y	Y	N	Y	D,H,B,O,M,L
Financière Saint Dominique	33 1 49 55 70 00	France	500	15,000	Y	Y	Y	Y	T
Finlombarda SpA	39 2 76 04 41	Italy	280	Open	Y	Y	N	N	G,I,L,M,R
Finovelec	33 1 474 789 00	France	1000	10,000	Y	N	N	N	B,E,H,I,M,O
Fondinvest	33 1 44 18 62 00	France	n/d	n/d	Y	Y	N	Y	T
Genes GmbH Venture Services	49 2234 590 76-79	Germany	100	1,000	N	Y	N	Y	L,R,M
Genevest Consulting Group SA	41 22 312 33 33	Switzerland	100	1,500	Y	Y	Y	N	D,E,H,N,(A),(F),(P)
Gestion De Cap Riesg Del Pais Vasco	34 4 4790192	Spain	75	1,805	Y	Y	N	Y	T
Gilde Investment Funds	31 30 51 05 34	Netherlands	100	4,000	Y	Y	N	Y	D,E,H,O,(I),(P),(Q)
Global Finance SA	30 1 362 20 96	Greece	200	1200	Y	Y	Y	Y	G,S,N,K,O
Halder Beteiligungsberatung GmbH	49 69 24 25 33-0	Germany	1200	6,000	N	Y	Y	Y	T,(I),(P)
Horizonte Venture Management GmbH	43 1 533 56 01	Austria	150	1,000	Y	Y	Y	Y	D,E,H,O,M
ICC Venture Capital	353 1 872 0055	Rep. of Ireland	300	4,000	Y	Y	Y	Y	G,D,M,S,R,H,K
ICVEN SA (IBM Europe)	33 1 47 67 63 53	France	0	Open	Y	Y	Y	Y	D,N,E,G,H
Industri Kapital	44 71 304 4300	European	5,000	45,000	N	Y	Y	Y	T
Inter-Risco-Sociedade de Capital de Risco SA	351 2 600 11 68	Portugal	500	1,300	N	Y	Y	Y	T
IPE Capital - Sociedade de Capital de Risco SA	351 1 795 00 22	Portugal	71	2474	Y	Y	N	Y	T,M,S
Iritech SpA	39 6 324 2341 2	Italy	100	3,000	Y	Y	Y	N	D,H,L,M,O
ISEP	32 2 213 82 66	Belgium	200	1,000	Y	Y	Y	Y	T,(P)
KBL Founder SA	352 47 97 22 80	Luxembourg	50	500	Y	Y	N	N	D,E,H,B,O
Kleinwort Benson Deutschland GmbH	49 69 27 40 21 22	Germany	3,000	Open	N	Y	Y	Y	T
LIM - Limburg Investment Company	32 11 22 21 77	Belgium	250	1,500	Y	Y	N	Y	T
Nederlandse Participatie MIJ NV	31 20 570 5555	Netherlands	400	15,000	N	Y	Y	Y	T
NeSBIC Groep BV	31 30 41 0202	Netherlands	100	10,000	Y	N	N	N	T
Norpedip	351 2 610 24 76	Portugal	52	3059	Y	Y	N	Y	I,M,L,(A),(F),(Q)
NPE Investment Advisers A/S	45 45 87 04 87	Denmark	1,000	Open	N	Y	Y	Y	T
Pallas Finance	33 1 40 74 22 30	France	4500	7500	N	Y	N	Y	D,E,H,G,M,(N),(P)
Parcom Ventures BV	31 30 563 100	Netherlands	200	20,000	N	Y	Y	Y	G,M
S.R.I.B. SA	32 2 548 22 11	Belgium	125	2500	Y	Y	N	Y	M,L,G,D,R
Sitra (Finnish Nat Fund For R & D)	358 0 61 89 91	Finland	100	2,200	Y	Y	N	Y	D,E,H,B,O,L
Société Générale (SG Cap Dev/Soginnove)	33 1 44 63 78 83	France	1,000	Open	N	Y	Y	Y	T
Sofinnova SA	33 1 44 53 53 00	France	500	3,000	Y	Y	N	N	D,E,H,B,O,N
SPI Promozione E Sviluppo Imprenditoriale SpA	39 6 85 45 41	Italy	100	3,000	Y	Y	N	N	E,B,L,K
Start Fund of Kera OY	358 0 2285 3260	Finland	100	2,000	Y	Y	N	Y	D,E,H,L,M,O
SVM STAR Ventures Management GmbH	49 30 88 44 15 28	Germany	262	2625	Y	Y	N	N	D,E,H,O,L
Technologieholding VC GmbH	49 89 15 50 74	Germany	250	1300	Y	Y	N	Y	D,E,H,L
Teknoinvest Management A/S	47 33 046700	Norway	100	2,000	Y	Y	N	N	D,E,H,B,O
Thomson-CSF Ventures	33 1 53 77 84 20	France	143	1430	Y	Y	P	P	D,E,H,Q
Unternehmensbeteiligungsgesellschaft Baden-Württemberg AG	49 711 122 2802	Germany	2100	3300	N	Y	Y	Y	T,(E),(O),(R)
Vlaamse Investeringsvennootschap NV	32 9 221 33 64	Belgium	250	3750	Y	Y	Y	Y	T,(P)

KEY: Y=Yes, N=No, P=Possible. Sector preferences: A, agriculture; B, biotechnology; C, chemicals; D, communications, E, computer-related; F, construction; G, consumer related, H, electronic-related; I, energy, natural resources; K, financial services, L, industrial automation; M, industrial products and services; N, media, entertainment, leisure; O, medical, health-related; P, property; Q, space, aviation; R, transportation; S, wholesale, trade distribution; T, anything; listed by preference.
Any letters in brackets indicate a preference not to invest in that sector.

■ Leading venture funds in the UK appear on page 6 of this survey

Source: KPMG Corporate Finance

PERSONALITIES

Bush telegraph is busy

Many service companies claim they are only as good as their people. It is no different in the venture capital industry. The success of fund raising, in particular, but also of investing is often dependent on the personalities involved.

The bush telegraph consequently hummed in February when Jon Moulton, founder and managing partner of Schroder Ventures, left the group after a row with parent Schroders over strategy.

Moulton is one of the most respected deal-makers in UK venture capital, known for dominating boards and investing in large management buy-outs but also doing tricky deals requiring real industrial knowledge. His interpersonal skills are also legendary. Frequently described as aggressive and abrasive, he admits "my vigour of action outweighs my subtlety of approach."

So there was general surprise when it was announced in April that Moulton would join Apax Partners. How would two large personalities like Moulton and Ronald Cohen, Apax chairman, co-exist in one organisation?

"The two personalities are thinking the same, too," jokes Moulton from his private office where he was whiling away his "gardening leave" with a bit of freelance corporate finance work.

Cohen, who tried to hire Moulton in the early 1980s, knows exactly where his new partner fits – "Jon has joined at the same level as my most senior partners to do the large leveraged buy-outs for which he is well known," Cohen says. "Prior to Jon's arrival I had headhunters out looking for someone in the buy-out area. It is good strategy to cover the whole spectrum of deals."

And does it mean, as rumours would have it, that Cohen means to step back to focus on his business interests in Israel? Cohen emphatically denies this. Apax is raising a £75m fund in a joint venture with Bank Leumi, to be invested in the country's high-technology companies.

"It will be another Apax fund, I am certain not going back," Cohen says.

Moulton's departure caused a hiccup in Schroder Venture's £140m fund-raising. Some investors pulled out on news of his departure but others took their place.

For all Moulton's presence, Schroder Ventures is far from a one-man team. It has more ex-industrialists and former chief executives as partners than most other venture capital funds and a greater ability than many to consider investing in complicated situations like loss-making companies that need to be turned around.

"We put a third of our money into loss making businesses which is something you cannot do if you have not got the expertise in the industry," says Carl Parker, principal at Schroder Ventures.

Another big move of the year was Charles Gonszor, who helped build Phildrew Ventures into a powerful force but left after another bust up between partners. Neither side will talk about the underlying reasons but again there appear to have been differences in opinion about the types of investments Phildrew was making.

Gonszor, whom Moulton hired at Citicorp Venture Capital in the early 1980s before he left for Phildrew, has been sharing an office with his former boss and is understood to be trying to raise a fund. Phildrew says Gonszor's departure will not affect the remaining parters' ability to do deals.

Robert Drummond, former chairman of Grosvenor Venture Partners, an earlier departure as a result of a falling out, has yet to resurface. In February Grosvenor, where Drummond had a 49 per cent stake, was bought by Mercury Asset Management for £4.5m, after the company failed to raise a new fund.

It was the first outright purchase of one venture capital fund manager by another, giving MAM an opening into smaller deals and greater deal flow out of London, MAM says.

Earlier this month Trinity Capital, founded 10 years ago to focus on technology company buy-outs, also lost its independence when it was taken over by Advent International. John Walker, the cofounder who becomes Advent's European managing director, had not tried to raise a new fund at Trinity. But he realised Trinity would not be able to raise the size of fund he would need to invest in later stage investments, the logical next move for the group.

Linking with Advent, which has just raised $315m for European investment, brought together large fund muscle and specialist investing abilities. Walker also said that those smaller fund mangers that sorted their future out sooner rather than later would have better options as the industry consolidated.

That consolidation among institution has been going on slowly all year and is likely to continue. First, Postel, the investment manager of the BT and Post Office pension schemes, formed a joint venture with Granville Private Equity, the private investment banking group in which it already had an 18 per cent stake.

The new venture, Granville Private Equity Managers, will manage Postel's £195m private equity fund as well as Granville Development Capital's funds plus £50m of new money which Postel will invest over three years.

"An increasing number of institutional investors are recognising the benefits of specialist management of unquoted portfolios," says Granville's chief executive, Michael Peacock.

And then there is Cinven, the venture capital fund that focuses on larger buy-outs and has as investors the pension funds of British Coal, British Rail and Barclays Bank. In March, CINVen announced it is taking over the private equity portfolio of Royal Insurance Asset Management.

But CINVen's future is uncertain because of the privatisation of British Coal. CIN Management, which owns CINVen, is one of British Coal's non-mining assets included in a programme of sales that will probably be concluded by next March.

The company might be interesting for institutional investors but equally its own management might consider buying out the management company. All things are being considered including the possible management buy-out – "it is up to British Coal and Samuel Montagu, [its advisers] to decide," says Charles Nicholson, a CINVen director.

If there were a management buy-out, venture capital companies would be queueing around the block – at least to look at CINVen's books.

Richard Gourlay

Brian Larcombe, above, chairman of the British Venture Capital Association, and finance director of the 3i Group, says: "More than £10bn has been invested by members of the BVCA in more than 11,000 companies since 1983."

On current developments in the industry, he comments: "It has been a very good year for many venture capital companies with more than £1.5bn raised so far this year for investment in UK and overseas businesses – more than three times the amounts raised last year."

FUND RAISING

A big trek to the US

Robert Smith, chief executive of Morgan Grenfell Development Capital, tells an amusing story about fund raising in the US. Arriving at Madison, the capital of Wisconsin State, Smith and colleagues are searching in their bags for the address of the fund managers they are due to see that day, when the taxi driver interjects: "I know where you are heading. This is Madison, Wisconsin.

"The only thing in town is the pension fund. If you are in there for less than an hour, you've had it, more than an hour and you are in with a chance."

Over the last 18 months, UK venture capital fund managers have been tripping over each other in some of the furthest flung corners of the US.

From Wisconsin's pension fund in the north to the giant California Public Employees Retirement System (Calpers), corridors have echoed to the honeyed tones of salesmen trying to convince investors their track record is better than the next fund manager who will walk in through the door.

Mostly, their efforts have been successful. In spite of clocking up many more air miles than they had wanted, Charterhouse Capital Partners, Candover, Schroder, Legal & General and Morgan Grenfell have successfully raised more than £1bn of new capital this year, much of it from US investors.

As Roger Brooke, chairman of Candover says, raising capital has taken a lot longer than for previous funds. Some smaller outlets may also have also been pleasantly surprised that, notwithstanding the additional effort, they have raised new funds.

Eighteen months ago few in the industry would have bet on some of these funds raising much fresh capital. Their life raft has been the strong burst of flotations in the UK that began last year and transformed the performance of some funds that would otherwise have looked decidedly worse for wear.

Unfortunately for venture capitalists who had hoped to spend less time travelling to raise funds, UK institutions' appetite has been dulled by the roller-coaster performance over the last five years.

"The underlying appetite is still there," says one active UK investor in private equity funds. "But there is a greater degree of cynicism about the claims of fund managers. I think that the proliferation of professional venture capital managers which we saw until four years ago won't recur for some time."

But the pilgrimage to the US is not driven only by the scarcity of capital elsewhere. Bob Johnston, president of Beacon Hill Financial, a Boston-based agency that specialises in raising funds, says there has been a steady growth in the number of investors interested in what used to be known as "alternative investments."

These institutions – some of them big hitters such as Calpers with $80bn under management – are allocating fixed percentages of an increasing asset base to unquoted investments.

"What is attracting the US investors is the good news coming from the UK economy," says Johnston. "But there is a surprising amount being raised for MBOs."

The real newcomers are the *state* pension funds and increased activity by institutions like Harvard, Yale and the Andrew Mellon Foundation. Corporate pension funds first moved into overseas quoted investments in the mid-1980s, followed five years ago by the state pension funds.

"Now public pension funds are following corporate funds again," says Johnston. "That is why there is an increase in the amount of dollars available for unquoted investment."

This has led to another development. Many of these investors will only put large sums in venture capital funds. Investing in small amounts makes little sense for a group such as Calpers. As a result, more funds are being raised by fewer fund managers.

The same phenomenon is apparent in the US market. Some observers say this concentration could increase competition for larger buy-out and late stage development capital deals, forcing down targeted returns, pushing up the amount of debt in each deal or both.

Howard Cox, general partner at Greylock, the long established Boston-based venture capital firm, disagrees: "If there is more money available, it can encourage opportunities, he says. "The question is the quality of the deal flow."

Another dissenter is Alan Patricof, chairman of Patricof and Co, the US member of Apax Partners. He says there is no shortage of quality deals.

"The level of disbursements of venture capital funds has consistently run under or close to the amount of money raised," Patricof says.

For the fund raiser, however, one thing is certain. Fund managers will increasingly have to prove their track record or they will not get past the gatekeepers, the intermediaries who screen and rank the funds and their mangers for investing institutions.

"You really have to have a track record and it really has to check out," says Robert Smith.

"Five years ago we were selling dreams and there was absolutely no track record. Now these gatekeepers really *do* know who we are and have comparative industry statistics for closed end funds."

Inevitably, the arrival of gatekeepers has increased the length of time – and therefore the cost – of raising a fund. Johnston says it now takes up to a year, double what it took five years ago.

"They investigated investee companies, they looked at our performance numbers, our reference checks with banks and accountants," says Stephen Curran, chief executive of Candover.

For those funds who can show their quality, the US is likely to remain an attractive source of capital, as long as deal structures remain conservative.

As the industry matures, however, managers with poorer performances will no longer be able to rely on a silver tongue and a winning smile.

More visitors to Madison, Wisconsin, might consider keeping the taxi meter running – they could be out in 20 minutes and able to catch the same aeroplane out.

Richard Gourlay

More competition for deals

Continued from page 1:

If prices are rising, there will be a tendency for the amount of debt in deals to rise in order to maintain targetted real rates of return. What has also changed in the last six months is that the banks have returned in force. As Robert Smith, chief executive of Morgan Grenfell Development Capital says: "The banks' marketing departments have locked the credit department in the cupboard."

In recent years, most deals have been structured with as much debt as equity, but most venture capitalists say the ratio of debt to equity has now risen to two to one. As the banks, notably Midland Bank, have poured back into the market, fees and interest spreads on debt have both come down from more than two per cent to under two per cent.

What is more, there are signs that the mezzanine finance suppliers, such as Intermediate Capital Group, which floated this year, are trying to provide more expansion capital and acquisition finance for private companies. Few observers believe debt to equity ratios of 10:1 will quickly return but there is concern – "the cross-over point into lunacy is when people have to deal their way out of debt, through asset sales, rather than trade their way out of debt," says Shaw.

On a more positive note, there is little doubt that a larger proportion of funds raised is now concentrated in more experienced hands as institutional backers become more selective.

Undoubtedly, competition will get tougher for deals. Vendors of companies are more demanding and venture capital houses which wait to be introduced to deals, rather than rooting them out themselves, will only get the more thumbed-over transactions.

There is also no doubt that the industry could do with an increase in deal flow. What venture fund managers would dearly like to see is a resumption of large corporate acquisition activity which has always led to disposals in the past.

"The real question is whether we're right in believing there's going to be an increased flow of opportunities resulting from the unwinding of acquisitions and deals that were made in the late 1980s," says Candover's chairman, Roger Brooke. "The ability of ourselves and everyone else in the industry to invest will depend on whether we are right."

CORPORATE MOVES

The spotlight falls on 3i

The most significant corporate move of the year was the flotation of 3i, valuing Europe's largest investor in private companies at about £1.6bn. The big question the flotation raises is whether 3i will change the way it does business.

It already dominates smaller deals through a national network of profitable offices near the source of deals. And there are few signs it will move quickly back into the more competitive larger deals, following its unhappy investment in the Isosceles buy-in of Gateway supermarkets which led to a £72m write-off in 1992.

But there is some question as to whether key deal makers in regional offices might be tempted away now that they can cash in share options.

Ewen Macpherson, 3i's chief executive, is adamant that nothing has changed – "the flotation is not affecting the way we do business," he says. "We took the steps we thought were necessary to make it a manageable investment trust two to three years ago."

For other venture capitalists, 3i's move into the limelight on the fringes of the FT-SE 10 index will raise the profile of the industry to a level it has rarely enjoyed before.

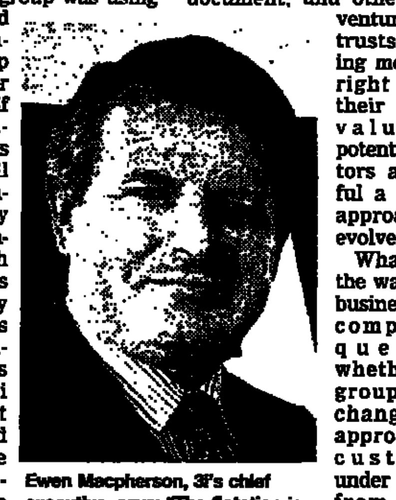
The flotation did not go altogether smoothly. On the day before the issue was priced in June, the FT-SE 100 index fell 40 points. While institutions over-subscribed, the public only wanted 1.1 times the shares they were offered.

But from the first day, trading in the shares has been buoyant. Stockmarket analysts say there is steady institutional demand for what is still a relatively illiquid stock that is likely to join the FT-SE 100 index and that many of who bought in the float have tucked their allocation away for the long term.

The 13 per cent discount at which 3i was launched has steadily narrowed. Now the debate is whether the shares are trading at a discount or a premium to a net asset value which was last assessed in March. For some institutions, 3i will be their first investment in venture capital. Unquoted investments are interesting at the moment because smaller companies tend to recover fastest during the early stages of economic recovery.

Institutional investors who want an exposure to private equity investment have had to choose between relatively illiquid investment in venture capital funds or the quoted venture capital trusts.

3i, on other hand, offers both liquidity from publicly quoted shares and a portfolio which spreads risk across 3500 companies. What is more, when 3i's last asset valuation was struck in March, the group was using the published audited earnings figures up to June 1993 for more than half its investments. This leaves a full year of company recovery for many companies which has been less than fully reflected in 3i's net asset values, analysts say. A 3i investment may not yield as much as the best performing venture funds over time. But it represents a punt on the recovery of the UK's *Mittelstand* companies, without the illiquidity of investing in large funds.



Ewen Macpherson, 3i's chief executive, says: "The flotation is not affecting the way we do business"

This could be good news, not just for 3i's founding shareholders. The high street banks and the Bank of England are likely to contemplate placing some of their remaining 55 per cent stake in 3i after June next year.

Other venture capitalists could also benefit. If institutions become more accustomed to private equity investment, they might consider making venture capital a recognised asset class as it is in the US. Institutions might then formally allocate a percentage of funds to the class, securing a more certain flow of capital to the industry.

The 3i flotation could also bring greater transparency to the valuation of unquoted companies, for long something of mysterious art rather than a science. There have been cases where venture capitalists which were co-investing have reported different values for the same investment, each describing their approach as "conservative".

Such anomalies are unlikely to engender confidence in wider institutional interest in the asset class. But with 3i giving a detailed description of its valuation policy in its offer document, and other quoted venture capital trusts becoming more forthright about their basis of valuation, potential investors are hopeful a standard approach will evolve.

What about the way 3i does business? Some competitors question whether the group will change its approach to customers under pressure from new shareholders. In particular, they question whether 3i will break with its tradition of not interfering with management's prerogative to decide if and when they should sell their company, thus providing 3i with an exit.

3i vigorously denies there will be a change. The company says it gains a competitive advantage from the approach that leaves management in control of the timing of any sale. In any case, the portfolio turns over at its own pace, it argues, providing the necessary realisation of capital gains.

Quite apart from the damage that such a shift would do to a unique selling point, 3i argues it is under much less pressure to realise capital gains than a venture capitalist that raises fixed life funds. In other respects, 3i was already changing ahead of the flotation, casting off a fusty, avuncular image that had developed since its formation as the Industrial and Commercial Finance Corporation after the war.

It has pulled out of markets where it has no particular advantage – the US, property investment and consultancy. In doing so, it has cut staff from 940 to 570, with a much smaller reduction in the number of people focused on its core business – "it didn't make sense to have a large management consultancy nor large dealing profits from property or to try to have a business in the US," Macpherson says.

But there are signs 3i is leveraging up its market position more aggressively. For the first time, 3i this year raised two funds from external investors, breaking with a tradition of only investing off the strength of its own balance sheet.

The first is a Ecu 300m fund for co-investment in continental European management buy-outs and buy-ins. This was designed to allow 3i to expand faster internationally through its remaining foreign offices without putting pressure on its balance sheet.

The second – a fund for co-investment in UK buy-outs larger than £10m – will potentially have a greater impact on 3i's competition. In the past 3i has tended to syndicate chunks of its larger deals – £250m worth over the last 10 years – because it does not take majority positions on boards.

The new fund will allow 3i to retain a greater amount of deals for its own benefit. The group was aiming to raise £100m from up to five institutions but, with the flotation looming, it closed the fund after raising only £75m from the Norwich Union and Australian Mutual Provident.

But these two funds are only a toe in the water. Given a favourable investment performance, 3i is likely to raise more funds, reducing the supply of deals it syndicates to the market and increasing competition for new funds.

Richard Gourlay

Disillusion grows among Britain's new technology companies

Gloom among UK's high tech entrepreneurs

In contrast to the US, early-stage funding for younger, high technology companies in the UK is in relative decline, reports CLIVE COOKSON, Science Editor

At first sight, the British Venture Capital Association's 1993 Report on Investment Activity is the best possible riposte to critics who accuse the industry of ignoring high technology in favour of safer fields such as services, retailing and low-tech manufacturing.

Investment in technology and life sciences businesses – comprising the computer, electronics, medical and biotechnology sectors – leaped from £91m in 1992 to £268m last year. That represented an increase from 7.4 per cent to 21.4 per cent of all venture capital investment in the UK.

And the inflow of funds is indeed welcomed by established high-tech companies wanting to expand as the recession ends.

But most or all of the new money is going into later-stage expansion and management buy-ins and buy-outs. There is no sign of improvement in the area where funds are most desperately needed: investment in innovative new companies. The BVCA figures show that total start-up and early-stage investment fell from £82m in 1992 to £69m in 1993.

"Early-stage funding is in relative decline, as VC companies insist on larger deals to help cover their costs," says Charles DesForges, UK-based president of TII, the European technology transfer network. "If you look on this as a river, everyone is going down to the estuary to look for the fish that are already fat, and opportunities further upstream are being ignored."

The merger of Trinity Capital with Advent International, announced this month, has further reduced the ranks of those specialising in young high-tech companies. John Walker, co-founder of Trinity and now managing director of Advent International's European operations, says returns on his early-stage funds have been "on the borderline" – "our experience was telling us we needed larger deals."

It is easy to find high-tech entrepreneurs who are bitterly disillusioned with UK venture capitalists. One is Mike Fowler, a biology professor at Sheffield University, who wasted 18 months slogging round the UK-based venture capital funds, on behalf of his small university-based biotechnology company, Plant Sciences Ltd.

"In the UK, so much management time is spent trying to raise money that the business itself can disappear," he says. "The people we dealt with showed a total lack of vision and no understanding of risk, as applied to a start-up venture. They took so long to make up their minds that the company could have died in the process."

In the US, a significant amount of venture capital comes from individual investors

Fortunately, Plant Sciences survived the ordeal and is now flourishing – with US venture capital funding and a new name, Phytera. Fowler says that, after he got fed up with the search for British backers, it took him just three months to raise $13m through Commonwealth BioVentures of Massachusetts.

"The American attitude couldn't have been more different," he says. "We were dealing with people who had actually been through the process of starting companies themselves and who understood what we were trying to do."

So Fowler is still in Sheffield, running a research programme to develop plant-based pharmaceuticals. But he is now vice-president of scientific affairs for a fast-growing US-owned company – "I'm very happy with the outcome from my personal point of view and that of my staff. The university came out of it well, too," he says. "I'm very unhappy from the point of view of UK Ltd that all our technology, the patents and know-how, are now American owned."

Carolyn Hayman, joint managing director of Korda & Co, one of the handful of UK companies specialising in technology-based start-ups, sees little prospect of much more money flowing into early-stage venture funds. "We're finding it incredibly difficult to raise money for our new fund [the £20m Korda European Technology Fund] – and if we're finding it hard, it must be well-nigh impossible for new entrants," she says.

A fundamental problem in the UK, she says, is that "the playing field is so uneven. The tax regime is so favourable to pension funds – and you cannot expect pension funds, by their very nature, to invest in start-ups."

Faced with a shortage of institutional support, Hayman and others are paying more attention to wealthy individuals as a potential source of high-tech venture capital.

"In the US, a significant proportion of venture capital comes from individual investors – in complete contrast to Europe," DesForges says. "These 'business angels' are a relatively untapped source of capital here."

The trouble, according to DesForges, is that there is no mechanism for channelling investments from individuals to high-tech entrepreneurs, while providing the investors with an expert assessment of the would-be companies and the entrepreneurs with the managerial advice they need to run a business.

DesForges has a solution in mind for the latter problem. "The real issue is that the early-stage company needs management skills that it does not usually possess. We're thinking of a fund that would put interim managers into the business, to train and guide the owner during the early stages of growth. It would be a short-term mission and they would move on when the business was established."

That would not solve the funding problem, however. Perhaps the way to draw more individual investors into early-stage ventures would be to level the tax playing-field between pension funds and everyone else. The government could allow people to set up tax-free Individual Retirement Accounts, on the US model, which they could use to invest in start-up companies; at the same time, it might even help to make the initials IRA respectable.

Fall in share prices has worried investors

A dilemma for new biotech companies

ECONOMIC recovery may be whetting the appetite of risk capital investors in many industrial sectors, but not yet in biotechnology.

"What we have now is a protracted and difficult bear market with a shortage of capital and low prices for companies," says Mr Brook Byers, a partner at California specialist biotechnology venture capital firm Kleiner Perkins.

The bear run began in 1992 when the whole healthcare sector, including some large capitalisation drug company stocks that had been stars in the 1980s, was threatened by the prospect of healthcare reform imposed by the Clinton Administration in Washington.

Biotechnology was especially vulnerable since the proposed reform was designed, among other things, to control prices that could be charged for drugs. Biotech companies rely on the prospect of being able to charge high prices for new treatments to pay off their substantial investments.

At the same time, confidence in the sector was undermined by the failure of some of the most promising quoted companies. These included Centocor, Xoma and Synergen, whose multibillion dollar market capitalisations all but vanished when their drugs failed in clinical trials. As a result, share prices of quoted companies fell rapidly almost across the board. With no prospect of a profitable exit, venture capitalists sought other investment vehicles. This was a reversal of fortune for the sector. As one biotech company chief executive says: "Early 1992 was a waterfall of money. You held out your cup and it was full."

Now investors are asking themselves whether they have created too many companies.

"People are beginning to realise that 1,300 to 1,400 biotech companies means that the demand for capital to keep them going is too high. Biotech is rapidly running out of money," says Mr Alan Carr of San Francisco investment bankers Hambrecht and Quist.

The sector's appetite for capital can be measured by comparing cash reserves with the rate at which they are being consumed. "In aggregate, there is less than two years' money left," says Mr Carr.

US stock broker Lehman Brothers follows 100 biotech companies, of which 45 have less than two years cash left and 17 a year or less.

The prospect of a heavy round of rights issues or secondary public offerings has not only depressed the values of quoted companies but also those awaiting their initial public offerings. Risk capital investors have had to switch part of their funds from seeds and early-stage ventures to the mezzanine to keep their earlier investment vehicles alive, according to Mr Stephen Burrill of San Francisco finance house Burrill and Craves.

Mr Jeremy Curnock-Cook, director responsible for bioscience investment at Rothschild Asset Management, echoes this, saying that early stage venture investors "are beginning to ask themselves whether to limit investment. Are we not better off making the ones we have already more successful?"

Amid the gloom, investors are looking beyond the US, the original home of both venture capital and biotechnology, to Europe. There are several incentives to cross to the Old World for both US and European investors:

- Europe has yet to see the failure of any of its larger biotech companies. Rather the reverse: the rapid progress being made by British Biotech, now the world's 12th largest biotech company by market capitalisation, has maintained confidence in the UK and, to a lesser extent, the rest of Europe while the US languishes, says Curnock-Cook.
- European scientists are increasingly prepared to consider becoming entrepreneurs. Research this year by Mr Daniel Schoch of the Hautes Ecole Commercial University of Lausanne suggests that while 28 per cent of Swiss scientists had considered starting a company, only four per cent had. None had been started with local venture capital because there is virtually no Swiss venture capital industry.
- It is easier to conduct research and development in Europe – "it is only a slight exaggeration to say that the Food and Drug Administration is driving some companies to Europe," says Mr Carr. "Approval for a clinical trial in Europe can take one month, in US it can can take 13-14 months." The gap is likely to grow with the establishment in 1995 of the pan-European Medicines Evaluation Agency.
- There is a "reverse brain drain", according to Mr Burrill, of experienced biotechnology entrepreneurs from the US to Europe. Examples includes Mr Nowell Stebbing, formerly of Amgen and Genentech, the two highest capitalisation US biotech stocks, who is now chairman of the UK's Chiroscience.
- Changes in stock market regulations to ease the initial public offerings of companies with no profits record. The London Stock Exchange implemented one round of reforms last year and is close to enacting another.

Privately, some of venture capitalists fear that the new-found European confidence in biotechnology will be short-lived. They suggest that European investors and entrepreneurs are unsophisticated and may become victims of the sector's appetite for "a new generation of suckers".

Others argue strongly against this view. Several say that European biotech companies are better businesses than those in the US, which before the current difficulties found it too easy to raise capital.

Some believe that the biotech sector generally will recover, partly because it "always does" and partly because of a wave of mergers and acquisitions in the wider healthcare industry.

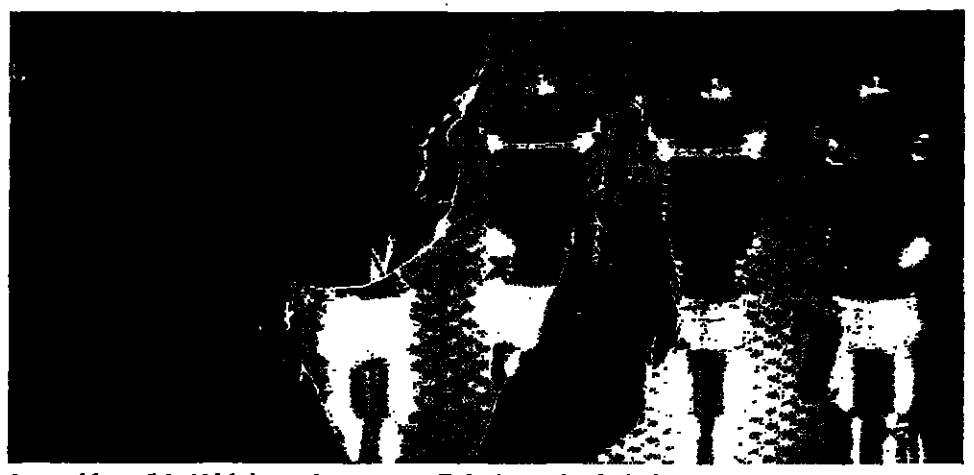
They also note that the share price falls so far – an average of 25 per cent this year alone in Lehman's 100-stocks – has created bargains. In the absence of commercial funds, many large healthcare companies are scouring the sector for the good buys. A number of deals have already been struck.

Venture capitalists welcome the arrival of the pharmaceutical companies which hold out the promise of higher prices for quoted companies and hence an easier exit eventually from unquoted investments.

At least as important, they should bring a higher profile to the sector and encourage the view that the principle of biotechnology, rather than the performance of individual companies, is valid.

"The jigsaw must be put together. It's time to see the forest not the trees," says Mr Curnock-Cook.

Daniel Green



Approval for a clinical trials is won far more speedily in Europe than in the US

Richard Gourlay reports on a record-breaking year

Fresh US capital in fewer, larger funds

The US venture capital industry, which was becalmed for lack of funds in the early 1990s, is once again racing away on a following wind.

In the first half of 1994, US venture capital funds raised $1.88bn, a 45 per cent increase over the same period last year, according to Venture Economics, the New Jersey-based information service. This is more than was raised in the record-breaking 1994 fund-raising round and only $660m short of the total raised in 1993.

What is more, this year's fund raising was achieved by 35 venture capitalists, nearly half the number who raised the capital in 1984, confirming the industry's move towards raising larger funds.

With more funds available, the question facing venture capitalists is where the capital will be invested and how quickly. Implicit in this question is whether the US venture capital industry has matured since the 1980s and will better manage the new funds.

Looming over the industry is the fact that the market for initial public offerings is not as encouraging as even six months ago. During the first half of 1994, 79 venture backed companies went public with a value of $2.12bn, up on the same period last year, according to VentureOne, a San Francisco-based research organisation. But venture capitalists say the figures are deceptive and that the market is sagging.

According to VentureOne, it is also becoming for expensive for venture backed companies to raise capital through an IPO. While in 1992, companies needed to sell on average 1.6 per cent of their equity for every million dollars raised, that figure has jumped to 2 per cent in the first half of 1994. This effectively means the cost of raising capital through an IPO has risen by 25 per cent, making it less attractive to float at the moment.

What is more, the recently floated venture-backed companies are not performing as well as they have done in the past year in the after-market, barely posting gains over their issue price on average, compared with an 18 per cent increase last year. Venture capitalists are therefore accepting they will need to build more companies rather than seek a more immediate IPO.

The concentration of fresh capital in fewer, larger funds, threatens to increase competition in the larger deals. Some observers say more cash will be chasing a similar number of deals, with the effect that rates of return will fall and more debt will begin to creep back into deal structures.

The fear is that venture capitalists will feel they have to put money to work, irrespective of the prices they pay and the quality of the deals they are currently seeing.

Alan Patricof, chairman of Patricof and Company, the US member of Apax Partners, thinks these fears are over done. "There is a much more mature attitude to pricing, more disciplined pricing," he says. "I see very little sign of extreme valuations."

He believes the industry has matured since the 1980s – "there is no question that there is a maturing in the industry," he says.

"There are a lot more experienced people who have been around since the early '80s, there are bigger firms that are better staffed."

The competition means there will be more need for venture capitalists to differentiate their product. More funds will be backing turnarounds and distressed private and public companies, says Bob Johnston, president of Beacon Hill Financial, a Boston-based agency that specialises in raising funds.

But while specialists and well-known individuals will always be able to raise early stage seed funds, there is a move towards investing in later stage companies, says Jesse Reyes, managing director of Venture Economics.

Whereas in the early 1980s many funds became interested in early stage investments and start-ups, they are doing more later stage growth capital for companies already making profits.

This could become a problem for early stage funds even though the large state pension funds, which are increasingly allocating funds to the asset class, frequently say they want to support early stage development capital.

"They say they are firmly committed to early stage development capital – but there are not a lot of $100m early stage seed funds around," says Reyes.

To get around the problem, Reyes says he is hearing that some states, including Texas and Oklahoma, are considering starting seed funds.

As far as the areas that have received venture backing and have provided their investors with an exit, there has been a large swing in the first half of the year.

No fewer than 18 communications and networking companies raised $636m in the first half of the year, up from 10 flotations raising $504bn the previous year.

As concern about President Clinton's healthcare reform eased, so the number of flotations more than doubled to five and the amount raised rose by a factor of four to $217m.

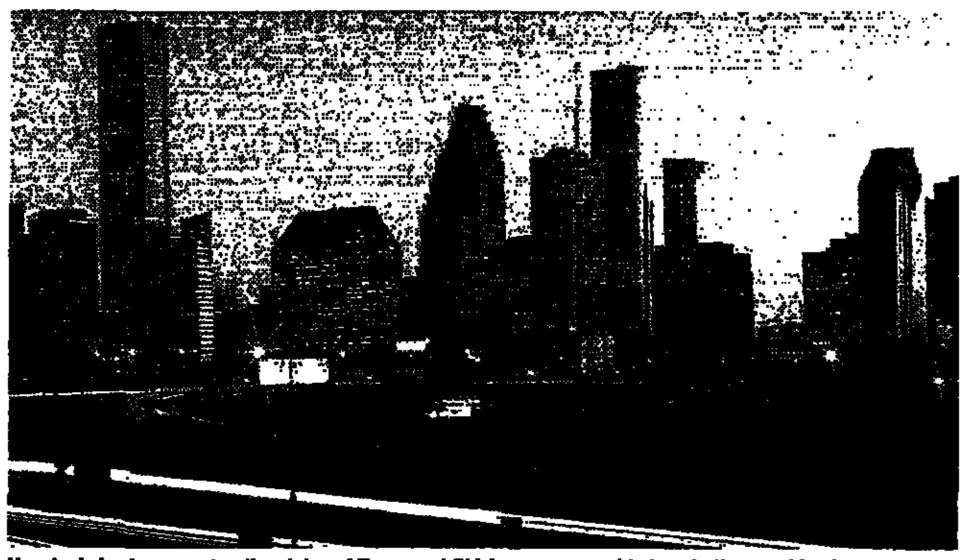
Biotechnology and pharmaceuticals companies raised only $152m from 11 IPO's, down from $278m in the first half of 1993.

Venture Economics says its most recent figures on overall returns explain why more institutions like state pension funds are allocating more funds to private equity investment.

In 1993, the overall internal rate of return – the annual compound rate of return to the investor – rose to 18.3 per cent up from 13.5 per cent in 1992 according to the study of over 460 funds.

This improvement will have something to do with the state of the US economy. But there are also fundamental changes in the way growth companies are being financed.

"Venture capitalists have moved much more towards growth capital for companies growing fast but already into revenues and profits," says Patricof. "The banks still are not providers of capital to younger companies – they are asset not cash flow lenders. If you are looking for capital – venture capital is the only place to go."


Houston's business centre: the states of Texas and Oklahoma are considering starting seed funds

Apprehension over the UK's new-style venture capital trusts

Plans face heavy criticism

When the the UK's chancellor announced a new type of venture capital trust with tax-free returns for investors in his last Budget, the venture capital and investment industry was delighted.

The new trusts seemed to be offering a solution to the long-standing problem of the "equity gap", first identified more than half a century ago – the gulf between the small amounts of short-term loan finance offered to small businesses by banks, and the substantial amounts of long-term capital available to larger, more established companies.

But since details of the proposed trusts' likely structure were published in a consultative document this spring, the chancellor's plans have come in for heavy criticism.

The industry's clamour for changes in the draft rules has centred on two issues: the tax incentives offered to investors, and the restrictions on the size of target companies and the maximum investment allowed in each company.

The Inland Revenue discussion document proposes that dividends and capital gains from venture capital trusts should be tax-free, but there should be no up-front relief, and losses should not be allowable against tax. This would put VCTs on a level with personal equity plans, except that the maximum investment by each individual would probably be about £100,000 a year, rather than the £9,000 annual Pep limit.

So far, the venture capital section of the investment trust industry has not benefited from the massive popularity of using personal equity plans to invest in collective funds. Venture capital trusts are usually excluded from Pep investment by rules stipulating that at least half the fund must be invested in ordinary shares in listed companies. Venture capital funds by their very nature invest largely in unquoted companies, and often provide debt rather than equity finance.

> Ministers are reviewing responses to the consultative document

As Peps are aimed mainly at small-scale investors, this has not been too big a problem – anyone investing in venture capital should have a broad enough portfolio that they can use up their annual Pep allowance in other ways.

However, VCTs want to attract a larger, wealthier type of investor, and the industry believes that more sweeteners are needed to make investors stomach the extra risk.

One favoured solution would be for venture capital trusts to be classified as unquoted companies for the purpose of qualifying for reinvestment relief from capital gains tax – the last Budget introduced a scheme whereby individuals disposing of other investments, from shares to second homes, can postpone the capital gains tax bill by reinvesting the proceeds in unquoted trading companies.

Another popular option would be to give VCTs the same tax breaks as the enterprise investment scheme, which offers 20 per cent up-front tax relief, and allows losses to be offset against income or capital gains tax.

The industry is united in its demand for better tax breaks, but there is less agreement on whether the limits on size of investment and size of company should be changed. The Inland Revenue's consultative document suggests that there should be a limit on investment in any one company of £1m a year, and target companies should have assets of less than £10m to qualify – "the scheme's aims would not be served if funds were diverted into very large unlisted companies," the document says.

But venture capitalists and investment trust managers have been bombarding the Inland Revenue with submissions on how the limits on the size of investment will mean it will not be worth fund managers' while to run such trusts, because researching small companies thoroughly for the sake of an investment of less than £1m would cost far too much.

The Association of Investment Trust Companies, for example, has submitted a demand that the limit for each investment should be raised from £1m to £3m (with a requirement that at least 20 per cent should be of less than £1m), and the size of potential target companies should be increased to between £20m and £30m.

"The lower limits proposed in the consultative document would generate uncommercial administrative and management costs," the AITC said.

The opposite view is put by Mr Ian Tulloch, a director of Glasgow-based fund managers Murray Johnstone. He believes that allowing larger investments would make managers concentrate on the more cost-effective upper end of the scale, and would work against the principal objective of the trusts, which is to help bridge the equity gap – "VCTs should be used to support small and medium-sized companies, not medium sized companies only," he says, as small companies seeking injections of more than £1m are already well-served by current sources of venture capital.

Mr Gilbert Chalk, chairman of the British Venture Capital Association's taxation committee, proposes that as an alternative to giving investors 20 per cent tax relief, the trusts themselves could be given a 20 per cent incentive on investments of less than £500,000, to encourage trusts to focus on companies at the smaller end of the scale.

The research involved in making small investments in very small companies might be too expensive for London firms with high overheads, says Mr Tulloch, but he believes that regional venture capital managers with lower costs and better links to local businesses would have no problem with operating venture capital trusts using the lower limits.

> There is a strong belief that the Inland Revenue will make concessions

"Provided that the tax incentives are such that we believe we can attract money, we would be very interested in running a venture capital trust." He also suggests the development of partnerships and co-investment arrangements between venture capitalists and business angels, which would help spread the burden of costs.

Responses to the consultative document are now under consideration by ministers. The final form for the new trusts will not be announced until later this autumn, possibly in the next Budget.

There is a strong belief within the industry that the Inland Revenue will make some concessions in line with submissions – the most likely is thought to be allowing the trusts to qualify for roll-over capital gains tax relief – but there is still apprehension in some quarters over whether the concessions will go far enough.

The extent of the revenue's generosity will determine whether VCTs develop into a sturdy bridge across the equity gap, or just another lifeline to a lucky few businesses.

Bethan Hutton

BUZZWORDS IN BRIEF

A language all its own

The venture capital industry, like any other has its own jargon, some of it unprintable. Here, however, is Richard Gourlay's selection of expressions to help companies seeking capital through the linguistic maze.

Bimbo: Buy-in management buy-out. A hybrid between buy-in and buy-out where the venture capitalist will inject their own management team alongside existing managers.

Burn rate: the rate at which a business uses up the funds it raises. Many bio-technology companies burn cash particularly fast.

Business angel: private investor who finances small companies and sometimes gives them the benefit of his or her expertise. The best angels are those who have been in business and have advice worth hearing.

Business plan: the document put together by managers to justify their application to financiers for backing.

A good plan should contain summaries of past and projected profit and loss accounts, balance sheets and cash flows. Also details of products and services, markets, future strategy and profiles of the managers. A simple rule: rarely will life turn out as forecast in the business plan.

Captive funds: venture capital organisations which form part of larger financial services groups. Usually they do not raise their own discrete funds but draw on the resources of their parents.

Carried interest: the share in the proceeds of sale of an investee company that is kept by the venture capitalist.

Corporate venturing: the practice of a large company taking an equity stake or establishing a joint venture with a smaller business to benefit from the smaller firm's specialist expertise. The large firm can provide finance, management back-up and distribution outlets which would not be available to the smaller partner.

Deal flow: the number of investment propositions which come to the venture capitalist. What matters is *quality* not quantity.

Development capital: later stage venture capital invested when the business has become established and needs extra funds for expansion.

Enterprise investment scheme: the replacement for the government's discredited Business Expansion Scheme, the EIS gives front-end tax relief of 20 per cent for certain investments in certain companies as well as exemption from any capital gains. Unlike under the BES, investors can take an active part in EIS companies.

Exit: the way a venture capitalist realises all or part of an investment by either arranging a flotation of the company or selling it to another company or trade buyer. A growing range of exits is becoming available and the list also includes a refinancing of the company by another group of venture capitalists or the purchase of all the shares by the company's own management.

Hands on/hands off: some venture capitalists take a very close interest in their investee companies and will provide management expertise. Others, like 3i, monitor, but let the management get own with it.

Hurdle rates: institutional investors have grown restive at the fees venture capitalists earn and have started to insist that funds achieve a basic return before managers can claim their carried interest. They often set hurdles based on a return on gilts or one of the leading stock market indexes and are beginning to look at more demanding hurdle measures like the FT-SE All share performance.

Independent funds: these do not form part of larger financial groups. They raise their money from institutional and other investors.

Internal rate of return (IRR): different people calculate this in different ways but it basically means the compound annual rate of return to the investor. It includes dividend distributions and profits from disposals or the profits shown on a fair valuation of an investee company. Inevitably, venture capitalists differ over when investments should be written down, up or off, so the figures are rarely strictly comparable.

Lemons and plums: bad investments invariably go wrong before the good ones produce profits. The lemons usually ripen before the plums.

Living dead: a portfolio company which is just about trading profitably but which shows little sign of ever meeting the venture capitalist's early high expectations.

Management buy-in: the purchase of a business by an outside manager or team of managers with the help of a group of financial backers.

Management buy-out: the purchase of a business by its existing management with the help of a group of financial backers. Most of the equity comes from the venture capitalist or other financial backer. The management puts up a small amount of finance for a disproportionately large percentage of the equity.

Recovery or turnaround financing: supplied to companies in difficulties where the venture capitalist sees an opportunity to beef up or change the management and return the company to profits. Some venture capitalists have employed insolvency specialists to identify such investments.

Refinancing: can be a sign of either failure or success. If a company performs poorly it may need an extra injection of funds. Equally, if it does very well, the management may be able to refinance the business on terms more favourable to themselves with their original venture capital backers.

Replacement capital: funds provided to allow an existing shareholder to sell some or all of his shares.

Second-round financing: venture capitalists rarely expect the first injection of funds to meet a business's needs. A second or even a third round of funding will almost certainly be needed later as the business grows or unforeseen problems arise. At this stage the original venture capital investor may reduce his holding and bring in others to spread the risk.

Seed capital: usually quite small amounts of capital provided to turn a good idea into a marketable product or service. This can be the riskiest form of venture capital since the concept, the technology, the entrepreneur and the market are all unproven.

Spin-out: a new company set up by a larger established group to exploit new developments or fresh market opportunities and in which the management team and a venture capital backer also take equity stakes.

Star: a company which is so successful that it pays for all the failures and humdrum performers in the venture capitalist's portfolio.

Sweet equity: the extra percentage of a company's equity which is allocated to the managers over and above the shareholding which their own relatively modest financial investment would qualify them for. The extra shares are seen as an additional motivation and reflect the fact that it is the managers' hard work which will ultimately make the venture succeed. (Sometimes also referred to as sweat equity to reflect the hard work the managers put in).

Trade sale: the sale of a company to a corporate buyer. This is the most common exit route for venture capital backed companies.

Venture capital: equity finance provided usually to young, unquoted businesses to enable them to start or expand. Equity funds provide a basis for the company to raise further bank finance and provide a cheap source of funds in the early stages of the business because dividends can be delayed until the company starts making profits.

Virgin angel: a business angel who has not invested in private companies before.

LEADING VENTURE FUNDS IN THE UK

	Telephone	Minimum Invst. £(000)	Maximum Invst. £(000)	Start Ups	Devel-opment	Replac-ement	MBO/MBI	Sector Preference	Equity	Mezza-nine	Debt
3i plc	071 928 3131	0	Open	Y	Y	Y	Y	T	Y	N	N
Abel Venture Managers Ltd	0372 470373	100	500	N	Y	Y	Y	KHE	Y	Y	N
Abingworth Management Ltd	071 839 6745	500	2,000	Y	Y	Y	Y	BOEK	Y	N	N
Abtrust Fund Managers Ltd	0224 631999	250	2,000	P	Y	Y	Y	T(E)(Q)	Y	N	N
Acumen Investments Ltd	071 409 0234	500	5,000	N	Y	Y	Y	OMS	Y	N	N
Advent International plc	071 333 0800	2,000	30,000	P	Y	Y	Y	TNCDEGOBK	Y	N	N
Advent Ltd	071 630 9811	250	2500	P	Y	Y	Y	DEHBCOM(G)(P)	Y	N	N
Alta-Berkeley Associates	071 734 4884	250	1500	Y	Y	Y	Y	DOBEN	Y	N	N
Apax Partners & Co Ltd	071 872 6300	500	50,000	Y	Y	Y	Y	DNBGOMSHECLOPIA	Y	Y	N
Arab International Trust Co Limited	071 434 4141	100	2,000	N	N	Y	Y	HEKP	Y	N	N
BancBoston Capital	071 932 9053	500	7,000	N	Y	Y	Y	T	Y	Y	N
Bankers Trust Company	071 982 2500	500	Open	N	P	Y	Y	T	Y	Y	Y
Barclays Development Capital Ltd	071 407 2389	500	Open	N	Y	Y	Y	TGCMOS(K)(P)	Y	N	N
Barclays Venture Capital Unit	071 242 4900	100	750	N	Y	Y	Y	T	Y	N	Y
Baring Capital Investors Ltd	071 408 1282	3,000	Open	N	Y	Y	Y	T	Y	N	N
Baring Venture Partners Ltd	071 290 5000	0	1,500	Y	Y	P	P	TNDG(P)	Y	N	N
Barnes Thomson Management Services Ltd	071 487 3870	250	5,000	P	Y	Y	Y	ED	Y	N	N
Baronsmead plc	071 242 4900	150	2000	N	Y	Y	Y	T(P)	Y	N	N
Birmingham Technology (Venture Capital) Ltd	021 359 0981	20	250	n/d	n/d	n/d	n/d	n/d	Y	N	N
British Linen Bank Ltd	031 243 8323	250	1,000	N	Y	Y	Y	T(B)(E)	Y	N	N
British Steel (Industry) Ltd	0742 731612	10	150	Y	Y	N	Y	MOBCHE	Y	Y	Y
Brown Shipley Venture Managers Ltd	071 606 6555	1,000	5,000	N	Y	Y	Y	T	Y	N	N
Business Link Doncaster	0302 340320	20	100	Y	Y	Y	Y	T(N)(P)	Y	N	Y
Cainsford Associates Ltd	071 431 0881	200	1000	Y	Y	Y	Y	HMO(P)	Y	Y	Y
Cambridge Capital Management Ltd	0223 312856	200	500	Y	N	N	N	TM	Y	N	Y
Candover Investments plc	071 489 9848	2,000	Open	N	Y	P	Y	T	Y	N	N
Capital for Companies Ltd	0532 438043	200	500	N	Y	Y	Y	MLBCHE(P)(K)	Y	N	N
Causeway Capital Ltd	071 495 2525	2,000	8,000	Y	Y	Y	Y	T	Y	N	N
Charterhouse Development Capital Ltd	071 248 4,000	1,000	50,000	P	Y	Y	Y	T(P)	Y	N	N
Chase Investment Bank Limited	071 962 5653	500	10,000	N	Y	Y	Y	GDKCLM	Y	Y	N
Chemical Venture Partners	071 777 3365	2,000	20,000	N	Y	Y	Y	DOGMS	Y	N	N
CINVen Ltd	071 245 6911	500	Open	Y	Y	Y	Y	T	Y	N	N
Close Investment Management Ltd	071 426 4,000	1,000	5,000	N	Y	Y	Y	T	Y	N	N
Clydesdale Bank Equity Limited	041 248 7070	250	3,000	P	Y	Y	Y	T(K)(N)(P)	Y	N	N
CVC Capital Partners Ltd	071 438 1489	1,000	Open	N	Y	Y	Y	T(P)	Y	N	N
Cygnus Venture Partners	0895 272601	200	Open	Y	Y	Y	Y	DEHBOGK	Y	N	N
Derbyshire Enterprise Board Ltd	0246 207390	50	Open	Y	Y	Y	Y	ML(P)	Y	N	N
Dunedin Ventures Ltd	031 315 2500	750	1,500	N	Y	Y	Y	T	Y	Y	N
E M Warburg Pincus & Co Int Ltd	071 321 0129	n/d	n/d	Y	Y	Y	Y	T	Y	N	N
ECI Ventures	071 606 1000	1,000	5,000	N	Y	Y	Y	T(A)(I)(P)	Y	N	N
Electra Innvotec Ltd	071 831 9901	250	1,500	Y	Y	P	N	DHECMLBOIQ	Y	N	N
Electra Kingsway Ltd	071 831 6464	5,000	30,000	Y	Y	Y	Y	OIGCMLSNK	Y	N	N
Enterprise Equity (NI) Ltd	0232 242500	50	750	Y	Y	N	Y	T	Y	N	N
Equity Ventures Limited	0272 311318	5	150	Y	Y	Y	Y	T(P)	Y	N	N
Eurocontinental (Advisers) Ltd	071 600 1689	350	3,500	P	Y	P	Y	DBSMEOG	Y	N	N
European Acquisition Capital Ltd	071 246 4050	3,000	12,000	N	Y	N	Y	T(B)(P)(Q)	Y	N	N
Finlay Ventures	041 204 1321	100	500	P	Y	Y	Y	T(B)(G)(N)(P)(Q)	Y	N	N
Fleming Ventures Ltd	071 480 6211	500	1,000	N	Y	Y	Y	DEH	Y	N	N
Foreign & Colonial Ventures Ltd	071 782 9829	1,000	7,500	N	Y	Y	Y	T(E)	Y	Y	N
Gartmore Venture Capital	071 782 2000	300	5,000	N	Y	Y	Y	T	Y	N	N
GLE Development Capital	071 403 0300	75	750	N	Y	Y	Y	T	Y	N	N
Goldman Sachs International	071 774 1000	10,000	Open	N	Y	Y	Y	n/d	Y	N	N
Granville Private Equity Managers Ltd	071 488 1212	500	25,000	N	Y	Y	Y	T	Y	N	N
Great Winchester Capital Fund Managers	071 584 4277	250	1,000	Y	Y	Y	Y	GEDOHIMNSLCOAPB	Y	Y	Y
Gresham Trust plc	071 606 6474	300	2,500	N	Y	Y	Y	T(P)	Y	N	N
Grosvenor Venture Managers Ltd	0753 811812	750	2,500	N	Y	Y	Y	T(P)	Y	N	N
Guinness Mahon Development Capital Ltd	071 623 9333	250	1,000	N	Y	Y	Y	ND	Y	N	N
Hambro European Ventures Ltd	071 702 3593	1,000	12,000	P	Y	Y	Y	T(B)(E)	Y	N	N
Henderson Venture Managers Ltd	071 410 4415	1,000	3,000	N	Y	Y	Y	T(B)(E)(P)	Y	N	N
Highlands and Islands Enterprise	0463 234171	0	500	Y	Y	N	Y	T(G)(P)(S)	Y	N	Y
Hodgson Martin Ltd	031 226 7644	250	2,000	Y	Y	Y	Y	K	Y	N	Y
Industrial Development Board for Northern Ireland	01232 233233	0	Open	Y	P	N	P	M L H	Y	N	N
Industrial Technology Securities Ltd	0753 885524	150	500	Y	Y	N	N	DELHOB	Y	N	N
Ivory & Sime Development Capital	031 225 1357	500	2,000	N	Y	Y	Y	T(B)(E)	Y	Y	N
Kleinwort Benson Development Capital Ltd	071 956 6600	250	20,000	P	Y	Y	Y	T	Y	N	N
Kleinwort Benson Ltd	071 623 8000	2,500	Open	N	Y	Y	Y	TON(E)(P)	Y	Y	Y
Korda & Company Ltd	071 253 5882	50	700	Y	N	N	N	EBCOHL	Y	N	N
Lancashire Enterprises plc	0772 203020	0	500	Y	Y	Y	Y	T(P)	Y	N	N
Larpent Newton & Co Ltd	071 251 9111	50	500	Y	Y	Y	N	DEBLH	Y	N	N
Lazard Ventures	071 588 2721	300	Open	N	Y	Y	Y	TG	Y	N	N
Legal and General Ventures Ltd	071 489 1888	1,000	60,000	N	Y	Y	Y	T	Y	Y	N
LICA Development Capital Ltd	071 839 7707	100	Open	Y	Y	Y	Y	M(K)(P)	Y	N	N
Lloyds Development Capital Ltd	071 600 3226	400	Open	N	Y	Y	Y	T(P)	Y	N	N
London Wall Industrial Consultants Ltd	0923 285199	50	100	P	Y	P	Y	GSM	Y	N	N
Lothian Enterprise Ltd	031 220 2100	10	250	Y	Y	N	Y	T(G)(P)	Y	N	N
March Investment Fund Ltd	061 872 3676	100	1,000	N	Y	Y	Y	T	Y	N	N
Mercury Development Capital	071 280 2508	2500	30,000	P	Y	Y	Y	TOGMN	Y	N	N
Metrogroup Capital PLC	071 435 8281	30	250	N	Y	Y	Y	NDG	Y	N	Y
Midland Growth Capital	071 260 7935	100	750	N	Y	Y	Y	T(K)(P)	Y	N	N
Midlands Venture Fund Managers Ltd	0602 678400	5	125	Y	Y	Y	Y	T	Y	N	N
Montagu Private Equity Ltd	071 260 0232	750	Open	P	Y	Y	Y	T	Y	Y	N
Morgan Grenfell Development Capital Ltd	071 588 4545	2,000	20,000	N	Y	Y	Y	GMLSIACDON(E)(H)(B)(Q)(P)	Y	N	N
MTI Managers Ltd	0923 250244	250	1,000	Y	Y	N	Y	DEHBOMOL	Y	N	N
Murray Johnstone Private Equity Ltd	041 226 3131	500	10,000	N	Y	Y	Y	T	Y	N	N
NatWest Ventures Ltd	071 375 5000	500	Open	N	Y	Y	Y	T(A)(B)(P)	Y	Y	N
Noble & Co Ltd	031 225 9677	50	Open	Y	Y	Y	Y	T	Y	N	N
Noble Grossart	031 226 7011	400	2,000	Y	Y	Y	Y	T	Y	Y	Y
North of England Ventures Ltd	061 236 6600	200	2,000	Y	Y	Y	Y	MGSHEKCFOLRDN(P)	Y	N	N
Northern Venture Managers Ltd	091 232 7068	200	2000	Y	Y	Y	Y	T	Y	N	N
Palatine Fund	061 834 2332	250	1800	P	Y	Y	Y	T(K)(P)	Y	N	N
Pantheon Ventures Ltd	071 493 5685	200	Open	N	Y	Y	Y	T	Y	Y	N
Phildrew Ventures	071 628 6366	1,000	15,000	N	Y	Y	Y	T(I)(P)	Y	N	N
Phoenix Fund Managers Ltd	071 638 3818	1,000	10,000	N	Y	Y	Y	GMLSOHDNQAIPBE	Y	N	N
Piper Investment Management Ltd	071 727 3866	250	1,000	P	Y	P	Y	GN	Y	N	N
Prelude Technology Investments Ltd	0223 423132	20	1,000	Y	Y	N	N	HBODENMLF(K)(P)	Y	N	N
Priory Investments Limited	071 409 7339	250	1,000	N	Y	Y	Y	ONKD	Y	N	N
Prudential Venture Managers Ltd	071 831 7747	1,000	40,000	N	Y	Y	Y	T	Y	N	N
Quayle Munro Ltd	031 226 4421	250	2,000	N	Y	Y	Y	GMSPF	Y	N	N
Quester Capital Management Ltd	071 222 5472	100	1,000	Y	Y	Y	Y	DGNBEHCOKMILAORFPS	Y	N	N
Rothschild Asset Management Ltd	071 280 5000	100	5,000	Y	Y	N	N	BOA	Y	Y	Y
Schroder Ventures	071 632 1000	500	25,000	Y	Y	Y	Y	DSBOHEGCMQLPNIA	Y	N	N
Scottish Development Finance Ltd	041 248 2700	50	1,000	Y	Y	Y	Y	EHBOIM	Y	N	N
Seed Capital Ltd	0491 579999	5	50	Y	N	N	N	HM	Y	N	N
Singer & Friedlander Development Capital Ltd	0532 438073	500	1,500	N	Y	Y	Y	T(P)	Y	N	N
South Yorkshire Pensions Authority	0226 770770	100	1,000	Y	Y	Y	Y	T(A)(O)(P)	Y	N	N
SUMIT Equity Ventures Ltd	021 236 1222	250	Open	N	Y	Y	Y	T	Y	N	Y
Thompson Clive & Partners Ltd	071 491 4809	250	5,000	P	Y	Y	Y	DEHOM	Y	N	N
Threadneedle Investment Managers Ltd	071 621 9100	1,000	Open	N	Y	Y	Y	T(I)(P)	Y	N	N
Tiangus Limited	0606 892313	n/d	n/d	Y	Y	N	Y	GI	Y	N	N
Top Technology Ltd	071 242 9900	200	750	Y	Y	P	N	DHOBE	Y	N	N
Transatlantic Capital Ltd	071 224 1193	50	500	Y	Y	N	N	BO	Y	N	N
Tufton Capital Ltd	071 222 8151	500	Open	N	Y	Y	Y	ADGNHLORMS(K)(Q)(C)(F)(P)(I)	Y	N	N
Ulster Development Capital Ltd	0232 248765	50	500	N	Y	Y	Y	T	Y	N	N
Venture Founders Ltd	01865 370510	100	600	N	P	N	P	DEBO(P)	Y	N	N
Welsh Development Agency	0222 222666	5	500	Y	Y	P	Y	T(A)(G)(N)	Y	N	Y
West Midlands Enterprise Board Ltd	021 236 8855	100	750	P	Y	P	Y	M	Y	N	N
Yorkshire Enterprise Limited	0532 374774	5	500	Y	Y	Y	Y	MLCHEGDNOSBO	Y	Y	Y
Yorkshire Venture Capital Ltd	0742 722772	200	Open	N	Y	Y	Y	T(P)	Y	N	N

KEY: Y=Yes, N=No, P=Possible. Sector preferences: A, agriculture; B, biotechnology; C, chemicals; D, communications; E, computer-related; F, construction; G, consumer related; H, electronic-related; I, energy, natural resources; K, financial services; L, industrial automation; M, industrial products and services; N, media, entertainment, leisure; O, medical, health-related; P, property; Q, space, aviation; R, transportation; S, wholesale, trade distribution; T, anything; listed by preference. Any letters in brackets indicate a preference not to invest in that sector.

Source: KPMG Corporate Finance

FRANCE: the second biggest venture capital base in Europe, after the UK

Key structural changes ahead

The French venture capital industry is emerging in relatively buoyant shape from one of the country's most acute recessions since the Second World War, reports JOHN RIDING in Paris

The total value of venture capital raised last year amounted to FFr5.54bn, a drop of just six per cent on 1992. Venture capital investments slipped by 10 per cent to FFr6bn, while exits – or divestments of venture capital investments – rose sharply, from FFr2.26bn to FFr3.63bn.

For Mr Denis Mortier, chairman of the French venture capital association, this was a solid performance – "on the whole, and given the broader economic environment, I think the industry did better than expected," he says.

Despite the resilience of 1993, however, the French venture capital industry has been experiencing significant changes and is confronted by important structural challenges.

Developments over the next few years, notably in mechanisms for exits and the evolution of fund raising, will determine whether France can consolidate its position as the second biggest venture capital base in Europe, after the UK.

The principal shifts in the industry relate partly to the broader economic picture. Start-up investments, notably in high-technology activities, were affected by the economic environment – "seed investments accounted for only one-tenth of one per cent and start-up investments for less than two per cent of the total amount invested," say the accountants KPMG, in a report on the industry.

Many of the larger players, in particular banks and insurance companies, have also curbed their venture capital activities as they seek to redress their financial positions.

"Insurance companies have suffered from losses in their damage businesses and have shifted the emphasis of their investments to liquid long-term assets such as bonds," says one sector analyst in Paris. Many of the leading banks – seeking to offset losses from the property sector and from other bad loans – have reduced their involvement in private equity investment, he adds.

The shift in strategy is most clearly indicated by Crédit Lyonnais, the state-owned bank which suffered losses of more than FFr6bn last year. The bank, traditionally a big player in the venture capital industry, has reduced its investments in industry to raise capital and to concentrate on its core activities.

According to a report by KPMG, the accountancy group, and the European Venture Capital Association, the decline in venture capital funds raised last year was mainly due to the reduced contribution of the banks.

"The total amount raised from banks fell by almost FFr500nm in 1993," says the report, "although with 31 per cent of the total venture capital raised, they remain the most important source of funds for the French industry."

At the same time, many industrial groups are shedding non-core businesses and venture capital investments as they focus on their principal activities. The most recent example is July's decision by Elf Aquitaine, the oil group, to sell FFr1.1bn worth of industrial investments, principally venture capital, to Banque Nationale de Paris.

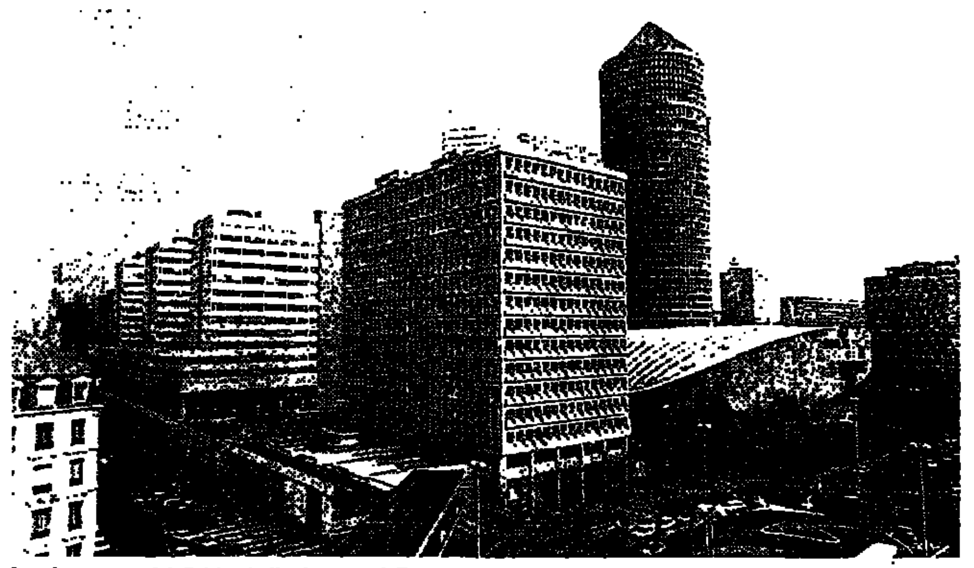
For some players in the venture capital industry, in particular the smaller, independent funds, these various changes have a positive effect. "There has been less competition from the captive structures," says Mr Mortier, referring to banks and insurance companies. "At the same time, the pattern of divestments means that they have become providers of investments."

Competition is, however, unlikely to remain diminished. International venture capital funds, notably from the UK, are eyeing the French market with a view to increasing their presence – "they are all raising funds for continental Europe," says Mr Mortier. "France is the second biggest market and the natural target to start with."

The domestic industry will be more eagerly awaiting the imposition of structural reforms which could improve the exit mechanisms in the French industry and increase the amount of investment finance available.

On the first count, many in the French industry have pushed for the creation of a "European Nasdaq" – a computerised off-market trading system. They argue that this would resolve the weaknesses of Europe's secondary stock markets, raise liquidity and tempt international investors, particularly from the US.

Mr Mortier believes that the creation of such an exchange is just a question of time: "We have created the awareness of a need and have won support for the idea from the European Commission. We have put together a study group to examine the conditions necessary, and hope to have a blueprint ready by November," he says. "By 1996, we hope to that the market can be launched."



Lyon's commercial district: in the forground, Banque Populaire de Lyon; towering behind is the state-owned Credit Lyonnaise which suffered losses of more than FFr6bn last year
Picture by Tony Andrews

By then, many in the French venture capital industry also hope that private, capitalised, pension funds will be in existence. According to most players in the domestic industry, the relative paucity of venture capital resources in France, compared with the UK, is partly a reflection of the lack of powerful pension funds.

That lack seems unlikely to endure. The French government is moving, albeit cautiously, to the creation of private pension funds to ease the demographic pressures on its creaking pay-as-you-go state retirement scheme.

Mr Edmond Alphandéry, the economy minister, is expected to introduce a bill to the national assembly this autumn, and a law, providing tax incentives for private pension contributions, could take effect after next spring's presidential elections.

It is still unclear what the legal restrictions on such pension funds would be, and what proportion could be invested in equities or venture capital. But the impact would be significant. Mr Mortier forecasts that pension funds could provide one-quarter to one-third of external venture capital funds within ten years, compared with the 45 per cent ratio which now exists in the UK.

GERMANY: opportunity knocks but not every company is answering the call, reports **Michael Lindemann**

Mittelstand need persuading

When you ask Mr Holger Frommann why the German venture capital market is so small, he winces audibly.

Mr Frommann runs the German Venture Capital Association (BVK) and he says there are countless reasons why the volume of business done in Germany is minimal compared, first, to the size of the German economy and, second, to activity in neighbouring France and the UK.

Venture capital risk is still something many German businessmen shy from. The medium-sized companies that would be ideal candidates for buy-outs or buy-ins are often run by the people who founded them and who are wary of financial buyers. Stock markets function differently and banks are much more prominent – "ultimately, the entire economic development of Germany is different," Mr Frommann says.

The recession has not helped either. A report by the European Venture Capital Association (EVCA) concludes that in 1993 the market ground to a halt because of falling company prices and a declining economy: DM1.21bn was invested in 1993 – 5 per cent less than a year earlier – representing about 40 per cent of what was invested in the UK.

However, a series of big deals this year – including the recent sale of Kässbohrer's Pisten Bully to a group of investors advised by Schroders & Partner Beteiligungsberatung – suggest that while the market may not mushroom there is evidence of relatively strong growth.

The Kässbohrer sale is the sort of deal which venture capitalists promised in in spades when the German market first found its feet around 1989: to help old, family-owned companies suffocating under a mountain of debt and in need of outside capital.

The BVK says there are perhaps 5,000 companies of this sort and a percentage of them would be ripe for venture capital. But financial buyers are still regarded as wheeler-dealers, whose philosophy is largely anathema to the long-term corporate strategy practised in Germany where emphasis has always been more on organic growth than on acquisitions.

"Owners often still want to know what happens to their business even if they've sold it," says one industry source in Frankfurt, illustrating barriers the venture capital business has to overcome.

Another phenomenon cited to justify the rosy prospects for venture capital in Germany is the question of succession at many *Mittelstand*, or medium-sized companies, started in the 1950s or '60s by people now looking to hand them on.

However, in some instances it is not just a question of finding a new chief executive and outside capital, but more a need to find an entirely new management team.

"In a situation like that the pure financial buyer is challenged," says Mr Martin Stringfellow who works for Kleinwort Benson in Frankfurt. "Whether he comes in depends on how able he is to provide a management team for the company and often that is a problem."

Industry observers say there are interesting prospects in eastern Germany as restructuring continues and it becomes clear which elements of the DDR's former command economy have survived the shock therapy administered over the past four years.

But Mr Frommann and others admit that business in the five eastern Länder remains largely prospective for a number of reasons.

Risks in the eastern Länder are greater because there are no balance sheets from which to extract reliable figures, while the business environment remains precarious – in part because many companies are only just finding new markets following the collapse of the former Soviet-run Comecom trading bloc. And while the BVK estimates that venture capital companies in western Germany spend on average seven years shepherding their investments, they will have to commit themselves for longer periods in former eastern Germany.

An under-developed stock exchange is another factor which has stunted the growth of the market.

Many US and UK companies which have been helped to find their feet with venture capital, progress naturally to a stock exchange listing, an exit which is still unusual in Germany where stock exchanges deal in heavy-weight shares.

Deutsche Beteiligungsgesellschaft, the venture capital arm of Deutsche Bank and an example of several similar companies which are linked to the country's big banks, recently floated the MHM Mode Holding. But such an outcome is the exception rather than the rule. The vast majority of investments end in trade sale, buy-back or secondary purchase, according to the EVCA report.

Despite the idiosyncrasies of the German market, venture capital is becoming more respectable in deals involving DM30m or more, a threshold beneath which most international financial buyers do not operate.

Even so, money for start-ups and smaller deals is still hard to come by, especially for smaller businesses which only have access to the regional financial centres in Germany.

To combat this, the economics ministry in the state of Baden-Württemberg, often at the leading edge of innovation in German business practices, is developing a new venture capital fund in conjunction with private industry designed to finance start-ups with up to DM2m. For years the state has been running a successful subsidies programme, similar to those available in Germany's other Länder, but the state-run funds have not been able to cater for all the applicants. "It suggests very clearly to us that people are not prepared to take enough risks," says an official at the Baden-Württemberg economics ministry.

Several of the larger international venture capital companies have been encouraged by the volume of business so far this year. The Kässbohrer deal, the Tarkett buy-out and the restructuring at LVW, the former food co-operative group, all augur well for the future, they argue.

However, few will commit themselves to predictions about the possible future size of the market, and most suggest that it will continue to be small relative to others – "I don't think we will ever have a development in Germany as we have seen in the US or the UK," says Mr Thomas Krenz from Schroders & Partner Beteiligungsberatung in Frankfurt.

VENTURE AND DEVELOPMENT CAPITAL 8

Rich angels to the rescue

British business angels have long been assumed to be poor cousins of the richer, more entrepreneurial and better-served American variety, but a new report challenges this assumption.

Patrick Coveney, a PhD student at Oxford collected data from about 500 angels or would-be angels, in a survey conducted with the help of Venture Capital Report, a business angel agency which publishes a monthly report on projects seeking finance. Angels in the sample were all users of or people who had expressed interest in using introduction agencies.

The researchers concluded that British angels were richer, invested more and were more like their American counterparts than previously depicted.

The survey found that while in some ways the angels did fit the long-standing stereotype – they were overwhelmingly male, middle-aged, university educated and had run their own businesses – their characteristics and investment behaviour differed quite considerably from the image given by earlier research on the subject.

More than half had a net worth of more than £500,000, and 30 per cent were worth more than £1m – but two earlier surveys had found that only a third or fewer had assets of more than £500,000.

Three-quarters of the participants in the new survey had a income of more than £100,000 a year. The average angel had made 2.34 investments totalling £266,000 in the past three years, with an average single investment of £140,000, and a median of £40,000. This compares with the average investment of £10,000 given by an earlier survey.

Previous surveys strongly indicated that location was one of the most important factors in angels' choice of investment – very few were thought willing to invest in companies more than 100 miles away. Coveney's survey, in contrast, found that only 5 per cent of angels cited location as the most vital criterion, while 58 per cent did not think it was very important. Almost half would invest in businesses more than 200 miles away.

The most important factor in angels' decision on whether or not to invest was their impression of the founder or management: 59 per cent said this was the principal criterion. Next most important was their own understanding of the sector, with such areas as the content and presentation of business plans and projected profitability ranking much lower.

Respondents' main motivation for choosing angel-style investment was to get a better return on their money than they could from the stock market – they expected a return of at least 21 per cent a year. About a third were interested in generating a job or an income for themselves, and a third were also motivated by the fun and satisfaction of being an angel.

Investors said that the main barrier to greater activity was a lack of suitable business proposals, rather than a lack of money to invest: 70 per cent of them would have liked to make more investments if they had found suitable opportunities. A high proportion said they had more than £100,000 of funds still available to invest, and 76 per cent expected to increase their investments over the next five years.

So there may be hundreds of potential angels waiting for the right opportunity to come up, but are there as many businesses interested in dealing with angels? The Enterprise Support Group commissioned a Mori survey of of small and medium businesses earlier this year, to coincide with the launch of VentureList, its national computer database of investors and business propositions.

The survey found that only 8 per cent of small and medium sized businesses had seriously considered using angels as a source of finance, even though many were worried about the level of debt in their businesses. However, 40 per cent would consider raising finance from an individual investor if there was an easy way of finding an angel willing to invest on agreed terms.

Bethan Hutton

Confidence in UK regions

The venture capital sector in Britain's regions has a self-confidence bred by its close connections with the areas in which it operates.

There is no substitute, argue those with offices in the country's leading provincial cities, for being part of the business community in which they are seeking investment opportunities.

Unsurprisingly, this view is not supported by firms like Charterhouse Development Capital, which has opted to target Yorkshire, the Midlands and south-west England by setting up dedicated teams based in London, but commuting constantly to the regions – "we're only two hours from London to Leeds by train," says the firm.

In contrast, Barclays Development Capital which in 1987 had only a London office has since opened in Leeds, Manchester, Birmingham and Reading; 70 per cent of its new investments are made by these regional offices.

"In our view, key intermediaries such as accountants have built up significant corporate finance expertise in the regions and by being in the same centres as they are we feel we offer a faster, more responsive service," says Mrs Catherine Wall, the Leeds-based regional director for eastern England from Lincolnshire to the Tweed, plus Cumbria.

In illustration of how regional expertise has developed, she cites last year's MBO of Leyland Trucks, the £150m annual turnover Lancashire truck assembly plant. The deal was advised and funded from Leeds.

"A few years ago, a deal of this size and complexity would have been handled in London," says Mrs Wall.

Some regionally-based venture capitalists feel their *forte* remains deals under £10m, but Mr Charles Richardson, corporate affairs manager of 3i, which has 17 offices outside London, says there has been a continuing trend towards medium sized and larger deals gravitating to regional offices – "over the last five years we've moved a lot of technical expertise into regional offices; the net has widened."

Stoy Hayward Manchester now publishes an annual Guide to Venture and Buy-out Capital in the north west; the 1994 edition is due out imminently.

Mr Ian Templeton, Manchester-based senior partner in charge of corporate finance, has noticed an increase in the number of accountancy firms claiming expertise in venture and development capital "possibly because there is very little growth in the core activities of audit and tax which is forcing them to look elsewhere for business."

Mr Mike Davis, corporate finance partner for Ernst & Young in Manchester, says clients are very interested in what kind of relationship they will have with venture capital investors. This does not necessarily mean choosing a firm with a regional office but it has made London firms anxious to rebut any suggestion they might not be as responsive.

The competition between London and the regions "has hotted up a lot," says Mr Davis, who adds that accountants are helping venture capitalists by providing better researched and presented proposals for consideration. But he adds: "We know there's a degree of flexibility, we know they are keen to do deals, we make sure our clients get the best deal."

This wider dissemination of skills in venture capital has contributed to the rather more competitive climate, says Mr Peter Folkman, managing director of North of England Ventures, the Manchester and Middlesbrough based fund which is associated with Schroder Ventures. The industry, he points out, is now maturing.

"It's a whole lot less cosy, it's more like a proper business," he says. "To earn our living we are going to have to be a little bit sharper."

The past year has seen funds winning good returns on earlier investments; NEV, for example, is collecting about £9m from the £850,000 equity stake it made in 1990 in Cumbrian miniature model-maker Lilliput Lane. But, says Mr Folkman, venture capitalists have done fewer new deals than they would have liked. In this more competitive market, he sees a developing trend, in which he is participating, of venture capitalists going out much more proactively to bid as principals for companies.

Competition is likely to be stiffened by the sharp increase recorded by the BVCA in new money raised this year for venture capital investment.

The BVCA says the UK regions accounted in 1993 for 64 per cent of the number of companies receiving venture capital funding. So far this year it has recorded an upturn in England and Wales, whilst the Scottish market is reported to be "relatively flat," although with some signs of improvement.

Some venture capitalists say the number of deals regionally so far this year has been relatively stable, or even increasing. Mr Alistair Conn, managing director of Newcastle-based Northern Venture Managers, says 1994 has been busier than 1993, although mid-1994 dipped a little. In northern England and Scotland, he says, the peaks and the troughs are flatter than in London and the south east.

Mrs Wall at Barclays Development Capital says its investments are running at around double last year's level, and 3i notes its local offices are much busier than they were – "my impression is that the regions have picked up faster than London and the south-east," says Mr Richardson.

Despite this bullish tone, there is some surprise that the presumed uplift from recession has not brought a stronger demand for capital for investment in organic growth rather than acquisitions. Confidence, it seems, is still fragile.

"A lot of companies are contemplating deals, far more are contemplating rather than doing them because people are still being cautious," says Mr Davis of Ernst & Young.

For one new regional venture capital initiative, the Midland Enterprise Funds, 1994 is a milestone; by the year end, all its 11 funds in England and Wales will have begun operating.

Chris Tighe

Venturer of the Year Awards

This year's category winners were as follows:

■ **SMALL START-UP, RESEARCH-BASED:**
Ethical Holdings
The company was formed in 1985 by Dr. Geoffrey Guy to develop and market advanced drug delivery systems. The company specialises in slow/controlled-release drug delivery systems, including transdermal patches.

The company was listed on Nasdaq at a capitalisation of $70m in April 1993.

For the year to August 1993, the company had revenue of £9.6m and pre-tax profits of £970,000.

Entrepreneur: *Geoffrey Guy.*
Sponsor: *3i*

■ **SMALL START-UP:**
Coe:
The company was formed in June 1989 by a group of former employees of STC, the cables and communications group to develop and manufacture a range of specialised products to control the transmission and reception of video, audio and data signals through fibre optic cables. Estimated turnover for the year ending June 1994 was £2.878m, with the exports proportion exceeding 30 per cent. Profits before tax are estimated at £600,000.

Entrepreneur: *Andrew Smith*
Sponsor: *Yorkshire Enterprise*

■ **LARGE START-UP:**
Denplan Care:
Founded in 1987 to provide an alternative system to fund the provision of dental healthcare in the UK, Denplan Care offers a direct contract between patient and dentist. The company was sold to Private Patients Plan (PPP) in November 1993 for £42m. by which time it had more than 4,000 dentist members, and a total of 400,000 registered patients. *(See report, page one of this survey).*

Entrepreneur: *Stephen Noar*
Sponsor: *Advent, F&C Ventures*

■ **TURNAROUND/MBI:**
MacLaren Group:
Baby buggy manufacturer MacLaren had been the subject of various take-overs before eventually being bought by its executive directors in September 1990.

Since then, improvements have been made in the range and quality of products, a new marketing strategy has been adopted and stocks and overheads have been pruned.

From pre-tax losses of nearly £8m in 1990 the company has returned to profits of more than £2m.

Entrepreneur: *Denzil Lee*
Sponsor: *NatWest Ventures*

■ **SMALL MBO:**
Azlan Group:
The company, a leading value-added distributor to the network computing market selling products from mainstream and specialist vendors through resellers, was a 1991 management buy-out from Logitek. Since then, Azlan has embarked on a programme of expansion in Europe and in its product range.

Entrepreneur: *David Randall*
Sponsor: *CINVen*

■ **LARGE MBO:**
Litho Supplies:
Litho Supplies, the biggest independent distribution and service group for printing and graphic arts products in Britain, servicing a total of 10,000 customers, was a buy-out from Pembridge, purchaser in 1989 of paper group, DRG. Since the buy-out turnover has increased, to a total of £60.2m in 1993 and profit before tax last year totalled £4.63m

Entrepreneur: *John Byford*
Sponsor: *3i*

■ **EXPANSION:**
JBA Holdings:
The company was founded in 1981 to develop business application packages for IBM mid-range computer systems. Since 1989 it has moved into overseas markets and now has subsidiaries in 11 countries and derives some 53 per cent of group turnover from outside the UK. Profit before tax last year totalled £4.736m on turnover of £74.467m

Entrepreneur: *Alan Vickery*
Sponsor: *Lloyds Development Capital*

Denplan's winning venture

Continued from page 1:

Advent's nominees left the board after a few months because of a disagreement about whether Denplan should offer dental insurance schemes.

Stephen Noar feels strongly that dental insurance schemes are not in the best interests of patients – or their insurance companies – because they are open to abuse and lead to unnecessary treatment.

It is clear that Noar believes strongly in the ethics of his business. He rejects charges of opportunism associated with making money by exploiting the failings of the health service. He recognises, nonetheless, the mixed feelings and torn loyalties experienced by both dentists and patients leaving the health service.

Noar believes that the exodus from the health service would be likely to continue under a Labour government – "there is now a general perception across political parties that the whole of the population's primary care aspirations cannot be met out of taxation," he says.

The logical corollary of this argument is that, at some stage, the principles behind Denplan could be extended into general practice medicine. The idea appears to intrigue Noar – "there is a debate now about the health service which is less emotive," he says. "It is not sacrilege, heresy or treason to talk about priorities."

It is not clear what Noar will do when his two-year contract with PPP comes to an end. One ambition is to become involved in backing small companies himself. However, it is evident that his interest in developing Denplan's potential did not evaporate when he sold the company.

"I have no financial reason to work but I have a lot of unfinished business with this company," he says. "Everything we have done to date is to put us in a position to do really important things."

RECRUITMENT

JOBS: Formulas for equitable expatriate employment packages need to address broader issues

Counting the cost of out-of-sight employees

The expatriate employee from the UK can cost a company nearly three and a half times that of his home-based counterpart, according to findings published by the Economist Intelligence Unit.

The EIU, the business intelligence arm of the Economist Group, has launched a new service designed to help human resources management in multinational companies reduce the costs of cross-border staff relocation and pay. The service, which is regularly updated, draws on computer-based systems collating tax and pricing information and living costs in 100 cities worldwide.

The service will place the EIU in competition with other specialist information services covering the expatriate field. These include P-E Centre For Management Research, Organization Resources Counselors, Employment Conditions Abroad and AIR Inc, of Boston in the US.

All these information services have identified a growing need among companies and individual employees to find suitable comparisons and data for creating overseas employment packages.

The multiple of three and a half times UK assignment costs is for employees working in Tokyo, said the EIU. Other multiples it has published include Paris (a multiple of three), New York (2.2) and Frankfurt (2.1).

"Given the increasing globalisation of business, these costs are a real and growing issue," said John Nichols, the EIU's human resources development manager.

"For example, a London based employee on an annual salary of some £50,000 a year could cost his company up to $500,000 over a two-year period when relocated to New York, assuming a traditional expatriate package," he said.

What does that typical package look like? The EIU, using an example of a two-year assignment in France, gives the percentage split of costs as: 31 per cent employee's tax and social security, 22 per cent employer's social security, 23 per cent expatriate benefits, 17 per cent net to the employee, 3 per cent in other benefits, and 4 per cent in one-off assignment costs.

Nichols says that, traditionally, companies have been prepared to "build up" pay for an assignment using the premise that the employee should be no worse off than had they stayed at home. The use of incentives to move and the addition of housing allowances, plus the rents employees can often get to cover their UK mortgage payments, means that the expatriates are often considerably better off.

Today, however, companies are becoming more cost conscious on expatriate deals. "These days they are requiring that the cost of living measurements truly reflect the high cost of living and not the cost of high living," said Nichols.

Before human resource managers nod too vigorously in agreement, they should note that employees with families in particular, are sometimes in danger of losing out financially if they go abroad.

Organization Resources Counselors found that three-quarters of the 512 European, North American and Japanese multinational companies that replied to a survey of human resource practices said they had no policy that accounted for the loss of spousal incomes when paying expatriate employees, nor did they intend to develop one.

On average, 15 per cent of companies said they were considering a policy and 10 per cent already had one. Breaking the survey down further, the greatest enthusiasm for such policies appeared to be in the UK, said ORC.

Geoffrey Latta, vice-president of ORC's compensation services said: "Companies recognise that this is a growing problem and are very concerned about the potential costs of replacing lost income.

"If an expatriate's spouse is a lawyer or an investment banker, does the company want to compensate for lost earnings? Doing so would make an already costly process exorbitantly expensive. Professional couples may increasingly opt out of international assignments, or we may begin to see more long-distance commuter relationships."

Rent-a-boss

Evidence that the market for temporary executives and the pool of available experience is continuing to grow has emerged in a survey of 2,000 temporary executives registered with Executives on Assignment, a Slough-based company. Of the 1,200 who responded, nearly half of them had worked at director level in their last permanent job. Some 12 per cent of the respondents were former chief executives.

Executives on Assignment estimates the market has grown by 20 per cent in the last year, although Bob Snell, managing director, admitted this was a guess based on increased activity reported in his and other companies.

There is also evidence that companies are beginning to use interim management more imaginatively. Richard McKeown, a company secretary featured in this column a few months back, has so far successfully planned his career in interim management with no intention of taking full-time work.

His latest posting appears to reflect a new trend among users of interim managers. Instead of filling a gap between appointments which has been the normal type of short-term post, he has been taken on to allow the full-time company secretary time out to take part in a specific project. Snell said that another trend among some chief executives was to use interim managers as a means of employing a senior manager without taking the risk of appointing the wrong person and the attendant cost of removal.

Martin Wood, director of interim management at PA Consulting, a London-based consultancy, has found that companies are beginning to use interim management as a strategic tool. He quoted a large company in the food retailing sector which was taking on an interim manager to run a division which needed a rationalisation programme. When he leaves, the new full-time appointment will be a much less important and therefore lower paid job. "The interim manager will be more objective about what needs to be done," said Wood.

He adds that small private companies with turnovers of between £5m and £10m are also starting to use interim managers where there is a management succession problem or where an experienced manager has left to set up in competition.

Earn as you learn

What sounds like the closest any employer has yet come to utilising a degree course for an immediate gain has been developed by Coca-Cola Schweppes Beverages (CCSB), the joint venture bottling company.

The company has recruited 100 university aspirants aged between 18 and 22 as soft drinks merchandisers. At the same time they will be carrying out a four-year study course for a BSc degree in Management from London University.

Students in the "earn as you learn" scheme have been recruited on a starting salary of £7,500 a year plus a company car. While all needed to fulfil the A-level criteria for the university course, they were selected in a company assessment programme from 5,000 applicants.

The students will be working in 12 merchandising teams across the UK. Keith Dennis, CCSB's personnel director who designed the programme at the instigation of Derek Williams, CCSB managing director, says the company plans to recruit a further 50 students next year.

All are on four-year contracts and their job specifications entail a weekly input of about 35 hours on the job plus about 20 hours in study time for the degree. They will study from home, under a distance learning arrangement administered by the National Extension College.

Dennis said: "Beyond the four years I clearly hope that a number of them will continue with the company. At the end of that time, they should have a degree from a good university and four years experience with a blue chip organisation under their belt and no negative equity."

Richard Donkin

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Senior Marketing Associate - European Investments

City of London — Investment Banking Benefits

HSBC Asset Management is the worldwide investment advisory and money management business of the HSBC Group, one of the world's largest banking and financial services organisations. With global funds under management exceeding US$30 billion, we offer a full spectrum of investment products for institutional and retail clients and are committed to providing excellent investment performance, client servicing and product innovation.

A key element of that commitment is the support provided by Marketing Services to both the fund management and the Client Investment Services (CIS) functions. This is where you come in, as Senior Marketing Associate, European Investments.

Your responsibilities are; to liaise with fund managers and the CIS team, to clearly articulate the regional investment process for marketing purposes, and to provide quality investment information to your marketing services team members and CIS managers. Your objective will be to differentiate HSBC from the competition by highlighting our client and consultancy led approach, positioning Marketing Services alongside CIS, and developing an effective, common format for presentations.

It is a brief that demands a persuasive personality and a great deal of credibility earned within the investment marketplace. You will ideally have proven technical skills, gained in a fund management, actuarial consultancy or investment banking environment. A graduate with a logical, strategic approach, you will be an accomplished communicator and a highly motivated team player.

The shifting focus of our marketing activities makes this a particularly high profile role at an exciting time in our corporate development. As such, the career prospects for the right individual will be excellent. Beyond that, we can offer an attractive salary together with a generous benefits package including performance related bonus.

Please send your CV and photograph, quoting current remuneration to, Nigel Urwin, HSBC Asset Management Limited, 6 Bevis Marks, London EC3A 7QP.

HSBC Asset Management Limited
Member HSBC *Group*

Investment Manager

Trade Loans

Birmingham

c.£38,000 + Car & Benefits

Carlsberg-Tetley Brewing Limited is one of the UK's largest brewing and wholesaling businesses with turnover in excess of £1 billion, and probably the best portfolio of national and regional brands in the industry, including Carlsberg Pilsner, Tetley Bitter, Castlemaine XXXX and Skol. To support its wholesale operations and develop mutually profitable business, the company offers commercial loans to its trade customers.

Financial and management control over the performance of these loan investments is critical.This extends from setting and maintaining standards for the appraisal of loan proposals, through the continuous monitoring of loan investment performance, to reporting results to senior company management. These tasks are the responsibility of an Investment Centre based at corporate HQ, on the Birmingham Business Park, where a replacement is now needed for the Centre Manager. The Manager has a team of three Analysts at Head Office, and five Investment Managers based at regional trading locations.

Applicants will preferably be qualified bankers, with experience of evaluating and managing commercial loans, gained in either the commercial or financial services sectors. With at least five years' post-qualifying experience, you will be a competent senior manager with well-developed systems, communications and man-management skills.As a key member of the small central finance team reporting to the Finance Director, your influence at Board level will have a major impact on the company's overall performance.

If you can meet all these requirements I should like to hear from you. Please send a full CV with details of your salary and quoting reference *MD3914*, to *Alan Birch* at *Macmillan Davies, Salisbury House, Bluecoats, Hertford, Herts SG14 1PU. Telephone (0992) 552552.*

Macmillan Davies

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Business Consultant

within a pre-eminent International Bank

City

Our client is a leading UK based Financial Institution with an ever-increasing global focus; its reputation is built on solid, historic success coupled with forward-looking creativity.

As a result of an internal promotion - a regular feature of the Department - we are looking for a business consultant to join a small, closely-knit team which provides support to the business users by systems review (both technical and commercial).

Ideal candidates, likely to be in their early thirties, will have a minimum of five years' consultancy experience and be Chartered Accountants with financial services exposure. Demonstrable project management skills are essential, ideally within a large-scale multi-currency environment. Futures and Options process knowledge is desirable. Degree level intellect and full computer literacy are taken as read and communication skills, oral and written, are of paramount importance. Enthusiasm, creativity and flexibility reflect the ethos of the team.

This is a first class opportunity to succeed in an environment where individual talents are recognised and rewarded.

The salary and benefits package has been designed to attract the best.

Please send full career details, including current salary, quoting reference A2170 to
Malcolm Lawson, at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.

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Known as a worldwide brand in the exciting world of sports we are looking for a

professional business consultant

with an advanced Information Technology background.

Your task will be to consult, train and implement a newly developed object oriented client server based business application software in our joint venture companies and subsidiaries worldwide.

If you

- are experienced in project management and hold a good degree in business economics
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then you should send your application to

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Human Resources
Attn. Mr. Peter Göbel
Postfach 1120
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MANAGEMENT TRAINEE

Long-term development and growth in private limited company expanding in Central London. Individuals aged 23-35 seeking opportunities in financial markets. Potential to progress to senior management, with full profit participation. Call:

STEWART CUNNINGHAM
071 240 4943

APPOINTMENTS WANTED

FOREIGN EXCHANGE, MONEY MARKET AND DERIVATIVES.

Sixteen years experience in trading and sales. Graduate, speaks English, French and Arabic. Currently based in London, but will consider opportunities abroad. Please contact Box A2161, Financial Times, One Southwark Bridge, London SE1 9HL.

The Top Opportunities Section

For senior management positions.
For information call:
Philip Wrigley
+44 71 873 3351

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.For information on rates and further details please telephone:
Philip Wrigley on +44 71 873 3351

CRÉDIT AGRICOLE

FINANCIAL CONTROLLER

FUTURES/FOREIGN EXCHANGE

£40-£45k package

CRÉDIT AGRICOLE FUTURES seeks to appoint a qualified accountant to head up their accounts function in the UK. The ideal candidate will have at least three years accounting experience, in a management capacity, within a futures and foreign exchange trading environment.

The position demands a hands-on approach and a primary task will be to integrate existing systems and establish a structure for the production of accurate and complete financial information, in a timely manner.

In addition to the usual statutory and management accounting responsibilities, specific knowledge of FX revaluations, proprietary futures trading and daily commission/floor brokerage is essential.

To discuss this unique opportunity telephone **Nick Lacy-Hulbert** *or send your CV for his attention to:*

Williams Wingfield Ltd, Search & Selection Specialists
Astral House, 125-129 Middlesex Street, London E1 7JF
Tel: 071-623 9493 Fax: 071-626 1263

Williams Wingfield

Private Client Investment Manager

Scottish Legal Firm

Negotiable Package **Edinburgh**

Tremendous opportunity for experienced fund manager to establish investment management department for one of Scotland's leading law firms.

THE COMPANY
- Highly respected, progressive firm of Scottish solicitors with an extensive range of clients.
- Firm controls substantial investments on behalf of private clients and Trusts.
- Dedicated to establishing and providing comprehensive range of in-house investment management services for its clients.

THE POSITION
- Set up and run firm's investment department with responsibility for front and back office and development of systems.
- Manage client investment portfolios on an advisory and discretionary basis. Formulate investment policy.
- Develop marketing strategy for profitable growth of business.

QUALIFICATIONS
- Graduate calibre. Investment management background, preferably with private client experience.
- Stature and presence to win confidence of Partners and clients and succeed within demanding professional environment.
- Articulate, numerate team player with strong communication skills. Computer literate. Ideally IIMR or MSI qualified.

Please send full cv, stating salary, ref CN3785, to NBS, 42 Frederick Street, Edinburgh EH2 1EX

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Bristol 0272 291142 • Glasgow 041 204 4334
Leeds 0532 453830 • London 071 493 6392
Manchester 0625 539953 • Slough 0753 819227

Pension Fund Marketing

Excellent Package **Edinburgh**

Key marketing role within major Scottish investment house. Outstanding opportunity for ambitious investment professional.

THE COMPANY
- Renowned Scottish investment management group, dedicated to providing highest quality of service.
- Significant funds under management on behalf of wide range of institutional and private clients.
- Market leader in pension fund management with strong performance track record.

THE POSITION
- Focus on servicing existing clients and developing new business throughout the UK.
- Present company's investment philosophy, attitudes towards global economy and fund performance.
- Build strong relationships with consultants and clients. Contribute to marketing strategy.

QUALIFICATIONS
- Graduate calibre with investment management experience. Knowledge of pension fund market place preferred.
- Excellent team player, self-motivated, ambitious, with strong presentation and interpersonal skills.
- IMRO threshold competence essential.

Please send full cv, stating salary, ref CN3891, to NBS, 42 Frederick Street, Edinburgh EH2 1EX

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MAJOR NEW LIFE COMPANY

PLANNING AND INFORMATION MANAGER - LONDON BASED

Excellent Remuneration package, including relocation assistance where required.

National Australia Bank is one of the largest and most successful Banking Groups in the world, with a clearly defined and focused strategy for growth. We are one of the foremost foreign Banking Groups in the UK and the Republic of Ireland, whose subsidiaries include the Clydesdale, Yorkshire, Northern and National Irish Banks. Our combined distribution numbers over 700 outlets in the UK and Ireland.

Ideally positioned as a value-added producer of quality financial services, we now wish to expand our insurance activities with the creation of a new Life Company. As the first stage in developing this exciting new venture, we are seeking to recruit a high energy, self-motivated and experienced Planning professional.

Initially, your key responsibility will be to assist in the assessment of the planning and management information needs of a greenfield Life Insurance and Unit Trust operation within Banking Group. You will design the neccessary systems in order to access the required information and produce comprehensive and consistent reports, not only for various areas of the Group, but also to meet statutory and regulatory requirements.

The Group places great emphasis on both strategic and rolling operational plans and you will be responsible for the ongoing provision of these in respect of the Life and Unit Trust Operations.

Used to working within tight deadlines, it is likely that you will be either a qualified accountant or an MBA with experience of management reporting and planning, possibly gained in either a life insurance and/or banking environment. Previous exposure to planning and reporting systems is essential as are good interpersonal skills.

National Australia Group UK

If you believe you meet our requirements and are excited by the challenges that this venture offers, please send your C.V. in confidence to **Human Resources Manager, National Australia Bank, 6-8 Tokenhouse Yard, London EC2R 7AJ.**

Investment Manager

A Key Strategic Role

Staffordshire ***c.£55k + exec bens***

▪ Our client, an independent financial services organisation operating in a niche market, has enjoyed consistent growth and success in recent years and currently manages over £600m worth of investment.

▪ With further significant growth anticipated and in line with key elements of overall business strategy, the need has been identified to appoint an ambitious Investment Manager who, reporting to the Chief Executive, will play a major role in; investment strategy and decision making, product development, staff management/development and be a pro-active, forward thinking member of the Senior Management Team.

▪ The appointee will have held real responsibility for managing significant investment funds and possess a background which reflects the capacity to manage and develop a very able team and to maximise the contribution of external Fund Managers and advisers.

▪ To perform the role effectively the successful candidate must be able to draw upon highly developed inter-personal, representing and negotiating skills with a strong focus on maturity, shrewdness and flair. For a well balanced, committed team player, this role affords genuine scope for considerable personal and career development.

▪ The remuneration package includes: allowance for or provision of a company car, private health arrangements, contributory pension scheme and, where appropriate, relocation assistance.

▪ If you are excited by this challenging career opportunity please send full personal and career details, in confidence, giving current remuneration information and quoting reference F/846/B to Paul Bailey, Ernst & Young Corporate Resources, Lowry House, 17 Marble Street, Manchester M2 3AW.

ERNST & YOUNG

GLOBAL MERGERS AND ACQUISITIONS

MANAGER / EXECUTIVE

Very attractive package and excellent career development prospects

The Client, a European Bank, is one of the most prestigious and profitable Investment Banks in the world. Significant high profile success in winning major International M&A mandates together with increasing levels of activity has demonstrated the Banks commitment to developing and building on this achievement. To facilitate this continued growth the client has identified the need to recruit additional members of the London team at both Manager and Executive level.

The roles, working within a dedicated and sector focused environment, will concentrate on all aspects of deal organisation and execution within the Banks International network together with a significant input to the overall running of the division. The high profile that this division enjoys within the Bank offers excellent career opportunities to those able to demonstrate a committed and resourceful approach.

Candidates will possess a financially related degree together with either two to four years Corporate Finance transaction experience or recent ACA qualification from a "Big Six" firm which may have incorporated some Corporate Finance exposure. Preferably fluent in French, you will be computer literate with the ability to demonstrate initiative, business origination and marketing skills. A team player, you will also possess excellent interpersonal skills in addition to a high degree of strategic business acumen.

For further information in complete confidence please contact Julian Davey or David Goodrich.

Tel +44 (0)71-638 9205
Fax +44 (0)71-588 2942

ZARAK HAY
SEARCH & SELECTION

6 Broad Street Place, Blomfield Street London, EC2M 7JH.

JOSLIN ROWE

banking recruitment consultants

Compliance Officer
£50,000
Blue Chip US Bank wishes to recruit an experienced Compliance officer from an International Bank, or a Qualified Accountant who has an indepth knowledge of SFA and/or IMRO rules and regulations. This demanding role involves overseeing the European Trading and Operations compliance procedures, implementation of any new rulings and systems development.

Regulatory Control
Up to £40,000
Leading Regulatory Authority seeks to recruit an individual with extensive knowledge of client money and safe custody regulations. Duties for this demanding and high profile role will include reviewing and developing policy for new and existing securities and derivatives markets, training and interpretation of existing rules and marketing of procedures.

Senior Credit Analyst
£35,000
A Credit Analyst with at least four years' UK and European Corporates, Banks and Insurance companies knowledge is sought by a leading International Bank. The role will involve analysis of new business and products and the constant review of the existing portfolio of assets. Applicants should be graduate calibre with a sound knowledge of OBS products.

Senior Performance Analyst
£30-35,000
Leading UK Investment House is seeking to recruit a Senior Analyst for the Performance Measurement group. Candidates must have strong statistical and analytical skills gained from either a retail or institutional investment management environment. As well as carrying out analysis the role will also involve introducing new systems and developing the team.

Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY
Telephone 071 638 5286 Facsimile 071 382 9417
A Member of the Blomfield Group

Assistant Trader — Central London

This major international commodity trading business, part of a major investment bank and whilst primarily involved in the energy markets has a significant role in the trading of precious and non-ferrous metals, soft, agricultural and other commodities in all areas of the world.

The Precious Metals department intends to expand it's market making operations and requires an Assistant Trader to join the trading team. The candidate will have gained at least 6 months experience of trading preferably in a precious metals trading environment or alternatively in a money trading environment.

Initially, the successful candidate will be responsible for the joint management of certain trading books. Candidates will be expected to have the ability and determination to enable them to take on the responsibility of managing major trading positions within a short period of time.

The environment is extremely fast moving and the successful candidate must be able to work using their own initiative and must possess a high degree of self motivation. The candidate must be computer literate and must have good communication skills.

Please write to Box A2157, Financial Times, One Southwark Bridge, London SE1 9HL

Investment Management

UNIT TRUST SALES

Edinburgh

An exceptional opportunity has arisen for an outstanding investment sales specialist to join Stewart Ivory's marketing team. With assets approaching £2 billion Stewart Ivory is one of Scotland's leading independent investment houses, managing investment and unit trusts, pension, charitable and private client funds.

Your brief will be to promote the company's range of specialist investment products. In particular you will increase our business with stockbrokers, IFAs, solicitors and accountants.

You should have self-confidence, enthusiasm and a determination to succeed. A professional qualification would be advantageous. This is a new appointment and it will be essential for you to have the flexibility to work well within a close knit team.

Initially reporting to the marketing director, you will have longer term potential for promotion to the board of Stewart Ivory Unit Trust Managers Ltd. The remuneration package will include a highly competitive basic salary, profit sharing and other benefits. Please apply in writing with full CV to D. J. Hume, Director, Stewart Ivory & Co Ltd, 45 Charlotte Square, Edinburgh EH2 4HW.

STEWART IVORY

Moneybroker

Forward Australian Dollars

Our client, a world-leader in moneybroking, wishes to recruit a broker experienced in Forward Australian Dollars.

You should have at least four years' experience in the Forward Australian Market and preferably, knowledge of deposits and FRA's.

Please apply in writing with full details of career to date, to Media System, Garden House, Cloisters Business Centre, 8 Battersea Park Road, London SW8 4BG, and quoting ref: 11377/FT on the envelope. Your application will be forwarded directly to our client, unless marked "security check" and noting separately any companies to which it should not be sent.

Financial Accounting Manager COMPLEX TREASURY

Banking **Base negotiable c £35K + benefits**

THE CLIENT — *a leading UK Investment Bank – London based*

Difficult to beat in terms of its profitable growth and the challenges it continually presents to its growing team of outstanding people.

THE PERSON — *an ambitious, technically able problem solver*

You will need at least two years post qualified experience and be able to combine
- Extensive experience in accounting for a major investment portfolio
- Management ability to motivate your team, and
- Front office product accounting familiarity

THE OFFER — *too good to miss – as the next step in a career*

Which will offer you a combination of three things
- more accountability than would be found in other organisations;
- highly complex issues to resolve and
- a very promising future

Kidsons Impey
Search & Selection Limited
28 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336
Fax: 071-976 1112

KIDSONS IMPEY

Please telephone Peter Willingham for further information or write to him at the address opposite, quoting reference number 639FT.

Prospects with ABB in Russia

Asea Brown Boveri Ltd is one of the worlds largest electrical engineering groups. Russia plays a major role within the Group strategy to grow in Central and Eastern Europe. Our Russian Group counts more than 2,000 employees. As part of the Management Development we offer to Russian citizens a

Management Trainee Program

In order to complete our management teams in various companies in Russia we are recruiting highly qualified

Russian Engineers and Economists

with a Western Master Degree above average or a post-graduate diploma at a Western University or a Management School. Candidates, not older than 30-32 years, shall have a strong personality and be well suited for Management functions.

The Trainee Program is designed with a total length of 18 months. It starts with an introduction stage of two months in an ABB company in Russia and is followed by three stages of five months. Every stage is spent in an ABB company in Western Europe and covers a different duty, such as Engineering, Marketing and Sales, Production, Finance, Accounting and Controlling or a specific topic. The Trainee Program will be finalized with a stage of one month, again in Russia, and shall prepare the candidate for an executive assignment.

If you are interested to participate in this unique project, please forward your written application with photograph to:

ABB Asea Brown Boveri Ltd
Mr. Ramón Fretz
P O Box 3181
CH - 8050 Zurich/Switzerland

ABB

CAPITAL MARKETS AND STRUCTURED FINANCE LAWYERS

Lovell White Durrant has a long established and thriving capital markets and structured finance practice. We advise on a wide range of capital markets transactions, including Eurobond issues, international equity offerings, commercial paper and MTN programmes, securitisations, swaps and other derivatives.

As a result of our continuing growth, we are keen to recruit energetic and able solicitors with up to four years' experience in this field. Amongst the qualities which we seek are enthusiasm, a constructive and innovative approach to the work and a thorough understanding of our clients' requirements.

Remuneration and prospects will be commensurate with the high quality of lawyers we wish to attract.

For further information, please write enclosing a C.V. to Mrs Anita Tovell, Head of Personnel, Lovell White Durrant, 65 Holborn Viaduct, London EC1A 2DY.

LOVELL WHITE DURRANT

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Brussels Prague Hong Kong
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The Top Opportunities Section

Advertise your senior management positions to Europe's business readership. For information please contact:

Philip Wrigley
+44 71 873 3351

CCLA Investment Management Limited

Serving Churches, Charities and Local Authorities

CCLA, a Member of IMRO, provides investment services to funds of £2 billion from its City Office. It is seeking a :-

European Fund Manager

to be responsible for about £80 million of European equities.

You will probably be a graduate with at least 3 years' experience in investment management or analysis and you must have a sound knowledge of European securities. You will be given considerable freedom of action over the European asset allocation and stock selection and will also participate in the formulation of overall investment strategy.

Competitive salary with non-contributory pension/health insurance benefits.

Apply in writing with full CV to :
Mrs. J. A. Robe, The Personnel Officer,
CCLA Investment Management Limited,
St. Alphage House, 2 Fore Street,
LONDON EC2Y 5AQ.

SENIOR FIXED INCOME OPERATIONS

Salary Competitive + Substantial Bonus and Benefits

We have been retained by a leading Global Investment Banking and Securities Institution which operates a comprehensive financial advisory and capital raising service. As part of its continued global expansion, we are seeking two outstanding Fixed Income professionals to enhance this highly sophisticated area which services Eurobonds, Domestic/ Government issues, MTN's, Emerging Markets, Structured Transactions, International Repos, Asset-Backed products and their associated derivatives. Both roles offer the opportunity to work in an exciting and diverse environment that demands both thorough knowledge of the products, coupled with a hands-on management approach.

FIXED INCOME TRADE SUPPORT

A superb opportunity exists for a high calibre individual to lead a substantial trade support function.
Key responsibilities include:

- Structure, organise and manage the ongoing development of the Fixed Income Product group.
- Ensure controls are introduced/ maintained in all process areas.
- Provide a high degree of client and branch office liaison and develop a close working relationship with all levels of trading and sales staff.
- Manage the design and implementation of new systems initiatives.
- Recruit and develop staff.

FIXED INCOME SETTLEMENTS

This high calibre individual's responsibilities will include:

- Manage and motivate a varied team of 20 staff.
- Develop and implement a plan for the Domestic and Government Bond settlements groups to allow for greater volumes, diversity and complexity leading towards major growth within new and Emerging Markets.
- Apply your Euroclear, Cedel, CGO, SWIFT and general market knowledge to enhance current procedures within the Fixed Income settlements group.
- Manage the design and implementation of new systems initiatives.

If you have the drive, enthusiasm, ambition and commitment for either of these challenging opportunities, please send a detailed CV to ***Colin Jones*** *at Harrison Willis, Cardinal House, 39-40 Albemarle Street, London W1X 3FD (fax 071-491 4705) or telephone* ***071-629 4463.***

HARRISON WILLIS

SUN LIFE INVESTMENT MANAGEMENT, the fund management arm of the Sun Life Group, is currently looking for two highly motivated individuals to strengthen its investment teams.

CONTINENTAL EUROPEAN EQUITY ANALYST

Working within a small team, your key role will be to provide clear and concise recommendations to Fund Managers on specific European sectors and stocks. Applicants will have at least 18 months' European sector experience, coupled with the analytical and presentation skills required to produce consistently high quality investment recommendations within tight deadlines.

EMERGING MARKETS ANALYST

This is a newly created and challenging post within a rapidly expanding area of our investment business. Working closely with the Fund Manager, your key role will be to identify, analyse and provide reports on new emerging markets from a macro economic viewpoint. You will have at least one year's experience in Emerging Markets, preferably Asia and the Far East and be prepared to undertake some overseas travel.

For both positions you will be educated to a degree level, ideally with IIMR qualifications. Relevant experience in a fund management or stockbroking environment is essential. Successful applicants will need to demonstrate a strong analytical and problem solving approach, coupled with the communication and interpersonal skills necessary to make an immediate contribution to our investment performance.

Salary in the range £23,000 – £35,000 p.a. plus an attractive range of financial sector benefits. If you are interested please send your CV to:

Harriet Catling (Personnel Officer),
Sun Life Assurance Society,
107 Cheapside,
LONDON EC2V 6DU.

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writing to him at *Financial Times*,
Recruitment Advertising,
Number One Southwark Bridge,
London SE1 9HL

ITEM CLUB

The ITEM Club is a prominent independent economic forecasting group and the only one to use the Treasury Model of the UK economy. ITEM produces macro-economic forecasts and provides important analysis of the key risks facing the UK and other industrialised economies for member companies. Emphasis is placed on providing information to solve real business problems arising from macro-economic developments. Membership of the club is drawn from a wide range of UK and international companies, providing an opportunity to work with senior economists from the City, industry and commerce. We are now looking to recruit an economist to join our London based team.

The successful applicant will be degree qualified, and have experience of producing model based forecasts for the UK or other industrialised economies. Good written and oral presentation skills will be necessary, as will an ability to identify and analyse the key risks and uncertainties facing the world economy and place these in a context for business. A major responsibility will be to make regular presentations to senior economists and management from member companies. Working as part of a small team, the ability to assume responsibility while working in co-operation with others is essential.

The successful candidate can expect a competitive salary package comensurate with qualifications and experience.

Written applications including a current CV should be directed to:

Paul Droop
Chief Economist
ITEM Club
Becket House
1 Lambeth Palace Road
London SE1 7EU

item
INDEPENDENT TREASURY ECONOMIC MODEL

EQUITY PORTFOLIO MANAGER

Private Banking to $60,000

Our client is a major European banking group who, with a global network and substantial assets under management, now wish to further develop their Private Banking operation worldwide. Part of their strategy is to strengthen their asset management capability in London and they seek a high calibre portfolio manager to join their small, expanding, W1 based team.

Reporting to the senior Portfolio Manager, the successful candidate will be responsible for investing the international equity portion of high net worth clients' funds. Whilst the group has a sophisticated investment strategy and asset allocation process, some discretion will be needed for the individual management of key portfolios.

Candidates are likely to have a minimum of at least four year's investment management experience. They should demonstrate an understanding of the global equity markets, particularly Europe, the US and Asia, together with an appreciation of fixed income. Self motivation and idea generation are as important as a professional team orientated approach.

For an initial discussion in confidence please contact us quoting reference 5059, at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307 or Fax 071-489 1130.

STEPHENS SELECTION
A STEPHENS GROUP CONSULTANCY
London New York Hong Kong Tokyo

Waters Lunniss is the highly profitable stockbroking arm of Norwich and Peterborough Building Society. Backed by the substantial resources of a leading financial institution, the company's rate of growth has been dramatic during recent years. This expansion has involved the opening of new branches, the securing of high quality sources of new business and the introduction of innovative services.

Share Centre Manager

City of London

As part of the continuing expansion of our branch network, this new Share Centre will be opened towards the end of 1994. The role will involve business development, backed by our wide range of services including highly competitive commission charges, PEPs and a unique Instant Settlement Service.

You will be qualified to at least SFA Registered Representative status having gained thorough experience of dealing with private investors. The ability to bring existing clients is not required although a smart appearance and an outgoing, enthusiastic personality are essential.

Private Client Portfolio Executive

Norwich

The private client department has expanded rapidly in recent years. As a result there is a need to employ a portfolio manager to assist our Associate Director responsible for the department in Norwich. The ideal candidate will be experienced in advising private clients and looking after portfolios on both a discretionary and non-discretionary basis.

Please apply in writing, with full CV and current salary details, to:
Stephen Allen, Operations Director
Waters Lunniss and Company Ltd,
2 Redwell Street, Norwich, NR2 4SN

WATERS LUNNISS
A MEMBER OF THE NORWICH AND PETERBOROUGH GROUP

EMERGING MARKETS SEARCH & SELECTION

EMERGING MARKETS FIXED INCOME ECONOMIST/ RESEARCH ANALYSIS

LONDON - NEW YORK

Our client, a leading Banking house, wishes to appoint an Economist with at least three years experience of country analysis, preferably in emerging markets, to work with a successful emerging markets team. The ideal candidate will have a degree in economics, a strong quantitative background, and experience of fixed income analysis.

The appointee will, in conjunction with the traders and portfolio managers, be responsible for:

Country analysis and the production of research material from the perspective of identifying investment opportunities in debt instruments.

Analysis of global/economic trends affecting emerging markets fixed income securities.

Comparative analysis and arbitrage identification between various emerging markets securities.

Candidates must be self-starters with a keen interest in the emerging markets and have the ability to demonstrate dedication, communication skills, entrepreneurial flair and a strong desire for success.

An attractive remuneration package will be offered to the right person. If you believe that you can offer our Client these qualities, please send your CV in complete confidence to:

David Williams: Emerging Markets Search and Selection
2/9 Masons Avenue London EC2V 5BT
A Division of Global Markets Recruitment Ltd
Tel 071 600 4744 Fax 071 600 4717

MEESPIERSON EURAMERICA

Leading Dutch-American investment bank undergoing rapid expansion in Central and Eastern Europe seeks qualified applicants for positions in Budapest, Warsaw, Prague, Moscow and Kiev. Excellent compensation including incentive bonus and extremely challenging work environment. Applicants must be willing to relocate to the region. English fluency required. Regional language desirable, but not essential.

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ACCOUNTANCY COLUMN

Curbing creativity in future UK acquisitions

Jim Kelly reports on the arguments over the ASB's latest financial reporting standards

Sir David Tweedie, chairman of the Accounting Standards Board, has been expecting trouble for some time over the board's intention to push ahead with its tough new proposals designed to control the way companies account for acquisitions. He is unlikely to be disappointed.

In December 1993, after the publication of the financial reporting exposure draft (Fred 7) on fair values in acquisition provisions, he let it be known that he would be "checking the wheel nuts on my car from now on". The joke was in character and this week, following the publication of the largely unaltered financial reporting standard 7, he was typically robust in anticipating vocal and organised opposition.

Criticism of FRS 7 amounts to more than a dispute over accounting principles. Much of the opposition which has already surfaced is fighting a different battle: that against what is seen as prescriptive regulation overriding the professional judgment of the auditor.

Critics of FRS 7, or at least elements of it, include the Hundred Group of the finance directors of companies in the FTSE-100 share index, and even one member of the ASB itself. But Sir David says the ASB listened very carefully to such objections during the consultation process before deciding to stand by the general thrust of the exposure draft.

It is not difficult to see why Sir David has had his eye on acquisition accounting right from the moment that the ASB came into being in 1990. The treatment of provisions became a controversial issue during the wave of takeovers of the late 1980s.

Provisions can be appropriate but the ASB believes that FRS 7 will substantially reduce the scope for companies to manipulate profits by creating generous pre-acquisition provisions in the balance sheet for items such as stock writedowns and reorganisation charges. These costs by-pass the profit and loss account of the acquirer, and the unused provisions can later be released to bolster profits.

Sir David's objection is to what he calls "big bath" accounting, by which companies can throw in large provisions supposedly to cover a multitude of future expenses. One of his main objections is to what might be called "psychoanalytical" accounting: making a provision on the basis of a stated *intention* to incur a future expense. He also objects to the effect provisions can have on financial reporting: for two or three years after an acquisition, he maintains, it has often been difficult to see where the profits have been coming from.

Up till now, the scope for widespread use of pre-acquisition provisions has been plentiful under SSAP 22, the existing accounting standard dealing with goodwill – the difference between the net asset value and the purchase price of an acquired business.

A classic example is provided by Terry Smith in his book Accounting for Growth, in which he considers the acquisition of the textile company John Crowther by Coloroll, the wallpaper manufacturer. Crowther was acquired for £213m in shares and cash, with related goodwill in Coloroll's accounts shown as £224m! Thus Coloroll wrote off £11m more than the total cost of Crowther.

The Accounting Standards Committee, predecessor of the ASB, tried to tighten down the screws in 1990 with non-mandatory guidance which called for a ban on provisions for future earnings, and far tighter rules on reorganisation expenses.

Despite such pressure, a survey by Company Reporting, the Edinburgh-based accounts monitoring service, showed that of companies with turnover above £300m which made acquisitions during 1991 and 1992, provisions were an average of 35 per cent of the purchase price.

"Accounting for acquisitions has long been seen as fertile ground for manipulating figures," Sir David said this week. "This is in no one's interests as it creates an atmosphere of suspicion and it puts unfair pressure on many companies that try to present their results honestly.

"The new standards favour neither one side not the other but reflect an objective and neutral approach, and I believe that they will restore much needed credibility in the reporting of acquisitions."

The ASB has the support of several leading investment institutions, several big manufacturers, and a collection of "think tanks".

Mr David Porteous, head of technical compliance at the London Stock Exchange, has also backed the ASB's stand: "A financial reporting standard based on the exposure draft will make a major contribution to ensuring that there is consistent treatment of acquisitions which should lead to greater comparability of the results reported by acquisitive companies."

Opposition to FRS 7 focuses on two areas. One is a technical criticism that the standard does not reflect commercial reality. The ASB acknowledges that some preparers of accounts believe its approach "ignored the commercial reality of the transaction by treating as an expense the costs of reorganisation that the acquirer regards as part of the capital cost of the acquisition; and that within defined limits a provision for planned post-acquisition expenditure should be permitted to be included in the net asset acquired".

The ASB has rejected this argument, with one dissenting vote, and insists: "Acquisition accounting should reflect the business that is acquired as it stands at the date of acquisition and ought not to take account of the changes that an acquirer might intend to make subsequently."

The Hundred Group is critical of FRS 7 while reiterating its support for stamping out abuses in financial reporting and "inappropriate flexibility".

"We part company with the ASB, however, when they introduce a new standard which does, in our view, destroy one of the basic principles of accounting under which capital and revenue costs are kept separate."

The group offers an example: "If you buy a house for, say, £100,000 that you know needs £50,000 spent on it to bring it into good condition and make it equivalent to a property that sells for £150,000, then you would treat the £50,000 renovation expense as part of the cost of the house and not as part of ordinary outgoings."

The group states that FRS 7 goes beyond standards set in other countries, including the US. It also recommends that abuses in this area should be dealt with by tightening existing accounting standards and through "proper policing" by external auditors and "not by distorting accounting concepts".

This reference to auditors underlines a second area of criticism: that the standard undermines, to some extent, the professional judgment of the auditor.

Mr Christopher Pearce, chairman of the technical committee of the group, believes that despite laudable intentions, the ASB has over prescribed in an area where the good judgment of auditors should have been considered sufficient.

Mr Roger Davis, the head of audit at Coopers & Lybrand, says that the standard fails to reflect commercial reality and helps encourage the concept that auditors are not to be trusted to use professional judgment. He sees FRS 7 as part of the "slide towards a legalistic profession".

Writing recently in the FT, Mr Davis painted this rather sombre background to the appearance of FRS 7: "The British created accountancy as a real profession in which experienced professional judgment counted for more than theory. It led much of the world. It is time for my profession to wake up and realise we now face the greatest challenge in our history to retain our relevance to the business community."

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Senior Manufacturing Accountant

c.£35-£40,000 + Benefits — *London*

Our client, a highly profitable operating subsidiary of a leading UK conglomerate, manufactures specialist industrial equipment. The company operates globally and has established itself as the key player in its market. A dynamic management team with ambitious expansionist policies and a corporate strategy orientated towards long term earnings growth, has created substantial worldwide business opportunities.

An exciting opening has arisen for a key individual to take charge of developing the management reporting and global multi product costing areas. Leading a six strong team, the successful candidate will be responsible for the production of monthly management information, annual budgeting/forecasting, variance analysis, and ongoing systems development. Reporting to the Finance Director this individual will be required to liaise on a daily basis with line managers and may become involved in ad hoc project work.

This position will appeal to a qualified accountant (aged 28-40) with broad experience gained in the manufacturing sector. In addition, candidates will possess strong communication skills, personal motivation and a mature, versatile approach. Whilst the ability to take a hands on approach is essential, candidates must also demonstrate the potential to contribute to the strategic development of the business.

Interested candidates should write, in the strictest confidence to either Paul Marsden or Brian Hamill at our London office quoting PM1061 and enclosing a brief resumé.

WALKER HAMILL
Executive Selection
103-105 Jermyn Street, St James's London SW1Y 6EE
Tel: 071-287 6285 Fax: 071-287 6270

LEADING GLOBAL INVESTMENT BANK
BUSINESS ANALYST

CITY **C. £45-50K + BANKING BENEFITS**

Our client is one of Europe's leading universal banks. Through vision, imagination and management skills they have grown to currently stand amongst the world's top international investment and commercial banking institutions. Due to a continued growth an opening has been created for an exceptional candidate.

As a Business Analyst in the information technology department extensive contact with the financial director and all business areas of the bank will be intrinsic to the role. The successful candidate will appraise the impact of current and future management accounting and systems development throughout the bank in London and Europe.

We would like to talk to graduates who can demonstrate an impeccable track record. From an accountancy background the ideal candidate will certainly hold a professional qualification. Recent expertise will have been focused towards Information Technology preferably within the banking Sector where an exposure to business issues has been gained.

In all cases we need to see evidence of self-motivation and analytical skills, achievement and negotiation skills.

The expectation is substantial and the rewards reflect this. You will be hired if we believe you have the ability to succeed and the versatility to move on to bigger and broader responsibilities.

Interested applicants should contact **Keith Jones** at **Robert Walters Associates** on **0171-379 3333** or **0181-840 0091** out of office hours. Alternatively send or fax an updated CV to him at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP Fax 0171-915 8714.**

ROBERT WALTERS ASSOCIATES

Exceptional Opportunities in Business Support and Product Control

ACA's with significant PQE **£ Excellent Packages**

NatWest Markets holds a pre-eminent position in the world of corporate and investment banking. Comprised of eight highly successful businesses, our activities cover trading, corporate banking, asset management and specialist advice. 1993 was an excellent year for NatWest Markets and in particular, our Securities Division consolidated its position as one of the top UK equity houses. By combining expertise with exceptional strength, energy and ambition we have achieved an enviable record of growth and success which in turn has created two outstanding opportunities within this Division.

Product Controller

Continued development of the Equity Derivatives Trading area has created a role within the middle office support function. You will take responsibility for identifying the risks, proposing accounting policies and the periodic reporting for a discrete team of equity/equity derivative traders. In particular, the position covers the control and assessment of ongoing and proposed business strategies. You must also possess the technical skills and the supervisory experience necessary to motivate and lead a small team and the confidence to liaise effectively with trading, taxation, legal and operational personnel.

Probably aged 28–33, you will be a qualified accountant with at least three years post-qualification experience of a banking/securities trading environment. A significant proportion of this time must have been spent within a product control function and ideally, candidates will possess a good working knowledge of equity derivative products. All applicants should be comfortable with complex computer systems and have enquiring minds.

Project Consultant

This high profile, newly created role operates within the Equity Derivatives area, reporting to the Head of Middle Office. Working closely with the Equity and Equity Derivative Trading and Structuring teams, you will ensure a seamless and efficient interface between traders and their support structure. The position involves the execution of a wide range of ad hoc projects, including, for example, working with Structuring teams developing new products, so as to be competitive and capital efficient. These projects may require the specification and development of small PC applications and will involve extensive liaison with technology and operational personnel.

This position will entail the origination and development of ideas, the co-ordination of analytical tasks and constant involvement in business issues at the highest levels. Ideally aged 28–33, the successful candidate will be a practical, qualified accountant, with a good knowledge of derivative products. The role requires initiative, creativity, well developed problem solving skills and strategic awareness.

In both instances, strong interpersonal skills, a high degree of professionalism and the ability to work to tight deadlines will be essential. These roles also require the competence to deal with senior management and to provide innovative solutions to business problems as they arise.

For further information, please contact our retained advisors, Guy Townsend or Brian Hamill of Walker Hamill Ltd on 071 287 6285. Alternatively, forward a brief resumé to their London office at 103-105 Jermyn Street, St James's, London SW1Y 6EE, quoting reference GT353. All direct responses will be forwarded to Walker Hamill.

NWM

NATWEST MARKETS

Corporate & Investment Banking

Bass

Financial Planning *c.£40,000 + Car*

Central London *ACA'S/MBA'S*

Bass PLC is a leading FTSE 100 company with reported turnover approaching £4.5 billion and pre-tax profits in excess of £500 million. It has developed leading positions in pub and leisure retailing, hotel franchising and brewing by providing the best value brands and services to its customers and consumers. A dynamic management team coupled with major opportunities for the business, creates stimulating challenges for the financial planning of the Group.

Bass has a central financial planning function to support the individual business units and the Group Executive. Following internal promotions into divisional management roles, two executives are currently sought to strengthen the central resource function for the assessment of strategic and financial plans. In addition to project work such as the evaluation of acquisitions and major capital projects, this team is involved in specific business issues outside of the financial arena.

These opportunities are likely to attract applicants from financial backgrounds (ACA or MBA) with experience in blue chip companies or major consulting firms. Experience in planning, project appraisal and cash flow projections is desirable. Strong microcomputer modelling skills are essential.

Applicants should possess excellent academic qualifications and be capable of demonstrating rapid career progression to date. The successful candidates will be results orientated, possess high levels of intellect and initiative, be confident of liaising at the most senior management levels and enjoy the personal challenge of a non-routine, wide-ranging role. Benefits include an attractive remuneration package, company car and the opportunity to develop an outstanding career in finance or general management.

Interested applicants should write in the strictest confidence, to our retained consultants Brian Hamill or David Craig, forwarding a brief resumé quoting reference BH 1060. Any applications submitted directly to Bass by third parties will be forwarded to Walker Hamill.

CARLING — Holiday Inn — Gala — BRITVIC soft drinks — TENNENT'S LAGER

WALKER HAMILL

Executive Selection

103-105 Jermyn Street, St. James's, London SW1Y 6EE.
Tel: 071-287 6285 Fax: 071-287 6270

To advertise in the Appointments section please contact Joanne Gerrard on: 071 873 4095.

ANALYST – CAPITAL ADEQUACY

Major US Securities House £35-£40,000 + Banking Bens.

This organisation has established an enviable reputation from the successful trading of fixed income securities and equities world-wide. Increasingly this is being complemented by significant growth in the associated OTC derivatives markets. The combination of this growth and the requirements of the new Capital Adequacy Directive for implementation by January 1996, has led to the creation of a new analytical role within the Financial Control Department.

Working within the specialist regulatory team, this individual will act as a primary liaison with the trading and risk management functions on the implementation of CAD in all European entities in the Group. You will gain a broad understanding of the requirements of this directive and will fully investigate its impact upon new and existing products. The role is highly analytical and requires an ability to think laterally about the implications for both Front Office and Financial Control.

Candidates should be recently qualified ACA's, or equivalent, with a good understanding of capital markets products and some knowledge of current SFA financial rules. Strong academic and interpersonal skills are essential as the role will necessitate extensive contact with trading management. Self motivation and a project orientated approach are equally important.

This role will provide an excellent development opportunity for those seeking to expand their knowledge of the financial markets at a particularly crucial time for the industry. Remuneration includes performance related bonus, car/car allowance and an unrivalled benefits package.

Interested applicants should contact Paul Marsden or Robert Walker on 071 287 6285 during office hours. Alternatively forward a brief resumé to Walker Hamill at 103-105 Jermyn Street, St James's, London, SW1Y 6EE, quoting reference PM 1462.

WALKER HAMILL

Executive Selection

103-105 Jermyn Street, St James's London SW1Y 6EE
Tel: 071-287 6285 Fax: 071-287 6270

DIVISIONAL FINANCE DIRECTOR

A major challenge within an LME related metals business

£40k potential **North Midlands**

Our client is a major group with worldwide operations in engineering based activities. They currently have a need for a Finance Director who will be a key member of a close knit management team at a major division that has activities in metals recycling together with related advanced technology that has considerable market potential. The annual turnover of the division is £40m and involves operations throughout the United Kingdom and Europe.

This is a demanding role for a young financial manager with a strong factory accounting background who has the energy and skill necessary to achieve demanding cash and PBIT targets. Proven experience of costing, variance analysis and computerised accounting is essential with exposure to metals markets, and in particular the operation of the LME, being a distinct advantage. The ability to relate to all levels within the organisation will be considered a norm requirement.

Applications are invited from qualified ACMA or FCMA accountants with at least 5 years post qualification experience preferably gained in dynamic businesses that are subject to fluctuating material prices. A track record of 'hands on' management and in effecting change leading to dramatic profit improvements within short timescales will be a favourable consideration as will a positive attitude towards cash management.

The appointment should be seen as a career development role for those seeking greater levels of responsibility and will offer an attractive remuneration package including a company car, BUPA, and appropriate major company benefits with relocation support available, if required.

Please apply in writing, stating fully how the requirements can be met, and quoting Ref. 249 to: Jenny Ibison, Director, Riley Advertising (Leeds) Ltd, Suite 26C, Josephs Well, Hanover Way, Park Lane, Leeds LS3 1AB. Replies will be forwarded to our client, please state separately any companies to whom you do not wish to apply.

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To advertise in the Appointments section, please call: Philip Wrigley on +44 71 873 3351

Finance Director

North Yorkshire **c £40,000 + Car + Bens**

Our client is an autonomous company within a major international group and operates in a rapidly expanding niche market within the food sector. They have significant plans for further expansion and are well positioned to take advantage of growth opportunities.

As a result of internal promotion, they seek to appoint a Finance Director. Reporting to the Managing Director, you will assume full responsibility for all financial and management reporting including statutory/legal compliance and the further development of management information systems and controls. You will be a key member of the management team and will be expected to provide strong financial leadership and commercial support.

Candidates, aged 32+ will be graduate qualified accountants, who can demonstrate strong technical ability along with a high degree of commercial acumen, gained preferably in a food or FMCG environment. In addition, you will need to demonstrate a proactive and innovative approach coupled with good interpersonal skills and maturity in order to make a significant contribution to the future success of the business.

Interested candidates should send a comprehensive curriculum vitae to Stephen K Banks, ACMA, Michael Page Finance, Aquis House, Greek Street, Leeds LS1 5RU. Quoting reference 204256.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

International Tax Manager

West London **£ Excellent**

Bechtel is a world leader in the engineering and construction industry with headquarters in San Francisco.

Due to continued expansion plans, the company is now seeking to appoint an international tax manager to take responsibility for Middle East, Africa, Eastern Europe and South West Asia.

The position will carry responsibility for all areas of tax management in the region and provide the opportunity to become involved in commercial decision making.
Key areas of responsibility will be:

- Providing taxation advice for structuring deals and proposals.
- Advising and co-ordinating with project management.
- Dealing with all taxation aspects of projects in each country with particular reference to US tax implications.
- Close co-ordination with headquarters and local management.

The role will involve an element of overseas travel.

The successful candidate will be a qualified ACA/ATII aged 30-40, preferably with knowledge of international tax especially from a US perspective. In addition, commercial tax experience is advantageous but not a prerequisite.

Candidates should have leadership qualities demonstrating a proactive approach to financial management and the ability to utilise strong interpersonal and commercial skills.

For further details of this exceptional opportunity please contact Donald McFarlane CA, on 071 831 2000 or write to him enclosing a comprehensive CV at Michael Page Taxation, Page House, 39-41 Parker Street, London, WC2B 5LH.

Michael Page Taxation
Specialists in Taxation Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
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FINANCIAL CONTROLLER

WEST LONDON **C. £30K**

A qualified accountant is required for a small but dynamic UK plc engaged in the development and marketing of software solutions for the healthcare market.

Reporting to the Financial Director and supported by a small team, the financial controller is responsible for all management and financial accounting, treasury and other administrative functions.

The successful candidate will demonstrate a broad range of experience gained within the profession and small public company environments, and will be highly computer literate. Age is less critical than the mix of previous experience.

For further information please contact our advising consultant, Nicola Skentelbery on 0171-379 3333 (fax 0171-915 8714) or write to her at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

SEMINAR

NEWLY QUALIFIED ACAs

Career Opportunities in the City

SAMUEL MONTAGU
Member HSBC Group

MORGAN STANLEY

Union Bank of Switzerland

Swiss Bank Corporation

A growing dynamic financial services market has increased the demand for high calibre professionals.

As a Newly Qualified ACA, the prospect of a career in Investment Banking is likely to have crossed your mind. "But what do ACAs do in banks? What opportunities are available? Will I become too specialised? What about career progression?" These are probably questions you are currently asking yourself.

If you have the academic background, the drive and the ambition to succeed in today's financial markets then Robert Walters Associates can introduce you to the variety of career paths available. We will be holding a seminar at the Hampshire Hotel, Leicester Square, on Tuesday 27th September 1994 at 6.30pm. Cocktails and a light supper will also be provided.

Representatives from four of the City's leading institutions will be present to answer your questions and to outline the type of current opportunities.

Please call Vicky Siddall on 071-379 3333 to confirm your attendance.

ROBERT WALTERS ASSOCIATES

FINANCE DIRECTOR

to £50,000 + CAR – SOUTHERN ENGLAND

Our Client is a rapidly expanding £60m plus turnover subsidiary of a quoted British PLC, with group revenues approaching £2Billion. The business is a third party distribution company, providing a high frequency and quality service to major manufacturing and marketing customers.

The company wish to appoint a Finance Director, to drive forward the key performance issues relating to financial/commercial objectives. These include optimisation of contract profitability, evaluation of key customers strategic direction and the commercial response to market developments.

Reporting to the Managing Director, the appointee will manage the provision of all financial services and systems for the control and development of the business. Strategic planning and group reporting to the highest standards are equally critical elements of the role.

Candidates must be qualified accountants with strong commercial instincts and the proven potential to progress to a general management role. Total competence in managing the financial process is prerequisite.

Applicants should have Financial Director level experience, gained within a large Service, FMCG or Retail business environment.

The company and group offer an excellent career opportunity and stimulating management environment. The remuneration package is very competitive and will include a performance element in addition to basic salary and a range of senior level executive benefits.

Interested applicants should write, enclosing career details to John Sheldrake at JOHN SHELDRAKE ASSOCIATES, 47 High Street, Little Abington, Cambridge CB1 6BG. Tel: 0223 893910 Fax: 0223 893901.

John Sheldrake Associates
Executive Search & Selection

Cadbury Schweppes

FINANCIAL CONTROLLER

NIGERIA

Outstanding Expatriate package

With a turnover in excess of £3 billion Cadbury Schweppes is one of the world's leading fast moving consumer goods companies. With operations in over 100 countries, they manufacture and market some of the best known branded names in Confectionery and Beverages.

An exceptional opportunity has now arisen for a Financial Controller for their growing operation in Lagos. Working with the local management team and reporting to the Finance Director of Cadbury Nigeria, your varied brief will include developing the computer based commercial and financial information systems. In addition you will have responsibility for production of management accounts, budgets, long range plans, project evaluations as well as involvement in Treasury operations. The successful candidate will therefore possess the following:

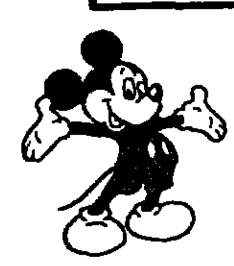
- A graduate, qualified ACA/CIMA/CACA
- Experience of working in an expatriate environment preferable
- Commercial outlook gained within a manufacturing environment
- *Outstanding interpersonal skills*

This high profile role represents an outstanding opportunity to make a significant contribution to a major company in the Nigerian market, followed by excellent longer term career prospects worldwide.

Interested applicants should write in confidence to **Reeta Nathwani,** *quoting reference number 2088* at **Nicholson International** (Search and Selection *Consultants), Bracton House, 34-36 High Holborn, London, WC1V 6AS. Alternatively fax* your details on **071 404 8128** or call **071 404 5501** for an initial discussion.

NICHOLSON INTERNATIONAL
UK

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia Australia



The Walt Disney Studios

Up to £45,000 ***West London***

AUDIT MANAGER - EUROPE

The Walt Disney Studios, a world leader in the entertainment industry, is offering a challenging opportunity for an aggressive professional.

Reporting directly to the US Controllership, you and your team will be responsible for conducting a wide range of audits across a variety of countries and studio business units. This will include operational and systems audits, compliance checking and a variety of ad hoc special projects.

A first class graduate, with first time ACA passes you will have at least 6-8 years' post-qualification experience within a big six firm which should include either industry or commerce. Possession of an MBA would be an added advantage as would experience of working for a U.S. multinational within the leisure business.

You will also need a strong and approachable personality, along with a highly disciplined professional approach and be expert at dealing with senior management. Excellent skills are essential, both orally and in writing.

In return you can expect a salary of up to £45,000 and a wide range of excellent benefits.

Please send full cv quoting ref N1071 to Mandy Hodnett, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

European Accounting Manager

Netherlands **c £50,000 + Excellent bens + relocation**

Our client is an international US company in the information technology sector, offering a broad range of high quality and innovative products. The company, with a worldwide revenue of approximately $10 billion, has a leading role in the manufacturing and sale of computer equipment. The European Operations Centre and European Accounting Department are located in the centre of the Netherlands. Due to further centralisation and integration the company seeks to recruit a high calibre professional *for the position of European Accounting Manager, reporting directly to the European Controller.*

Tasks and responsibilities:

- Management of all European accounting activities.
- European consolidation and financial reporting to the Headquarters in the US.
- Implementation of the financial modules (SAP) into Europe.
- Internal control and accounting procedures.
- Regular review of compliance with the European corporate accounting policies and procedures.
- Preparation and set up of one accounting centre in Europe.
- Supervising the staff of the European Accounting Department.

Profile of the suitable candidate:

- Graduate, qualified accountant.
- At least 10 years experience in an international role and knowledge of US accounting rules.
- Proven management skills.
- Excellent communicator and good motivator.
- Knowledge of and familiar with change processes.
- Flexible and pragmatic personality.
- Informal with sense of humour.
- Willing to undertake international business travel.

Interested applicants should send their curriculum vitae to Nico Hoenen at Michael Page, Heuvel Galerie, Ten Hagestraat 10, 5611 EG Eindhoven, the Netherlands, reference NH/38529 or contact Nico Hoenen, telephone 010 3140 433735.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Philip Wrigley on +44 71 873 3351

Lazard Brothers & Co., Limited

Corporate Finance Executives

Experienced Analysts, newly qualified ACA's and Lawyers

The Corporate Finance Division of Lazard Brothers acts for a large number of significant clients in both the public and the private sector. It also works closely with the Lazard Houses in Paris and New York to form a major force in global investment banking.

The Division is enjoying sustained growth, creating further demand for Corporate Finance Executives. Applications are invited from Corporate Finance Analysts completing a training programme with a major institution and from newly or recently qualified Chartered Accountants and Lawyers with major firms.

These positions are highly sought after and selection criteria will be demanding: candidates must demonstrate impeccable credentials including at least a 2.1 degree, numeracy, excellent interpersonal skills and creativity. It is unlikely that successful candidates will be over 27 years old. In return the Bank offers a competitive package, varied experience and first-rate career prospects.

Those interested are asked to write, enclosing full career details and stating reasons for applying, to The Halsey Consulting Partnership, 34 Brook Street, Mayfair, London W1Y 1YA. Telephone: 071 495 4446. Please quote reference L/440/8.

Coopers & Lybrand | Executive Resourcing

Head of Finance

BIRMINGHAM **SALARY NEGOTIABLE**

The schools which come under the control of the King Edward the Sixth Foundation in Birmingham have an enviable academic record. The Foundation controls both independent and grant aided schools and in total has some £20m of income.

In order to coordinate the financial activities of the Foundation and the seven schools concerned, the Governors have decided to appoint a Head of Finance to carry out that role. The main features of the position will be, firstly, to direct the finance function into the future by way of forward planning and strategy and, secondly, to operate in a hands-on fashion as needed in order to ensure that timely, meaningful and accurate financial information is produced in the most efficient manner.

Applicants should be qualified accountants well versed in the introduction, development and upgrading of computerised accounting systems. You should be a sound team builder, motivator and presenter and able to adopt a hands-on role when necessary. A knowledge of equity and property investment would be a considerable advantage.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference JE278 on both envelope and letter.

Manager Finance and Administration

M4 Corridor c.£50k + bonus

Our client is a rapidly growing international company manufacturing telecommunications products for sale through subsidiaries and distributors around the world.

Reporting to the Managing Director, the Manager Finance and Administration will have overall responsibility for finance and accounting, human resources, facilities management and MIS. A major initial task will be to conduct a review of each of these areas and make recommendations for improving their current operations and for future growth. Other tasks will include the implementation of new information systems and new procedures for measurement and reporting.

Candidates for this position will be qualified accountants and will have considerable experience in managing a similar function, probably in a manufacturing environment. Proven financial management and reporting skills together with a strong MIS background are essential. The successful candidate will be highly creative, a strong manager and motivator and will thrive in a rapidly changing environment.

To explore this exciting opportunity, please write with a full cv, quoting reference 0259 to Frances A Bell, AAD Executive Selection, 7 Curzon Street, London W1Y 7FL.

AAD *The Executive Selection Division of Odgers and Co. Ltd*

FINANCIAL ANALYST

DUBAI

Salary Tax-Free plus excellent benefits

With a turnover in excess of US $125 million our client is a separate autonomous unit of a multi-national corporation with 48 business units in more than 25 countries worldwide. Their new operation based in Dubai, UAE, boasts an outstanding portfolio of branded products, as they continue to exploit new markets on a global basis.

Reporting to the Financial Manager, your varied brief will include carrying out generation of Financial accounts for internal and external purposes, taking full responsibility for stock accounting, intercompany prices, intercompany transactions, and control of costs. In addition, you will be actively involved in the financial planning side of the business, with the objective of developing this function for future business needs. The successful candidate will ideally possess the following:

- A UK or USA graduate, qualified ACA/CIMA/CACA.
- Previous experience with a large multi-national FMCG organisation or the Big Six
- Willing to travel throughout the Middle East, including Saudi Arabia (hence the need for fluency in Arabic).

This represents a unique opportunity to make a significant contribution to a world-leading multi national. Longer term career prospects are outstanding and could take you to any of their world wide business operations.

Interested candidates should write in confidence to **Reeta Nathwani**, quoting reference number 2087 at Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London, WC1V 6AS. Alternatively fax your details on **071 404 8128** or call **071 404 5501** for an initial discussion.

NICHOLSON INTERNATIONAL — UK —

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia Australia

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Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Plc Finance Director

c. £80,000 (equivalent) Holland

We are a fashion distribution group, with interests throughout Europe and in the Far East. Our well known products are in the casualwear market and our mission is to combine design flair with value to our customers.

A recent reorganisation means that our head office function is moving from London to a new Dutch base, at the hub of our European sales and distribution network.

We now wish to recruit a Finance Director, a thorough going professional with excellent technical skills, particularly in the areas of systems and financial controls. A proven ability in people management is essential, as is the capacity to work strategically with other members of the Board and overseas management, to provide a strong lead in the profitable development of the business.

You should be pragmatic, effective and credible, with a highly commercial business approach. External relationships with the City and business community are key to our future success and it is of importance that these contacts can be built quickly. Your background as a change manager will be exceptional.

Our ideal candidate will come from the distribution sector, have extensive experience of working in Europe, demonstrate a flair for languages and have worked at a strategic level, in a fully quoted plc, whilst retaining hands-on involvement with controlling finance and management information systems.

This is a first class opportunity for both career and professional development in a high profile and very visible organisation.

Please write with a full CV, outlining salary and quoting reference C/0053 to Jim Mitchell, Executive Search & Selection, Price Waterhouse, 19 Cornwall Street, Birmingham B3 2DT. Fax: (21) 200 2464.

COMMERCIAL ANALYST

West London c.£30,000 + Car

An outstanding career entry point for an exceptional ACA

THE COMPANY

- Worldwide market leader of a range of high quality branded products
- Dynamic culture: encourages initiatives for change and development
- Highly acquisitive: enviable record of expansion and increased profitability
- Committed to staff development and training

THE ROLE

- Management reporting and financial planning
- Liaison with field directors in the interpretation of financial analyses and definition of strategic plans
- Preparation of consolidated accounting information
- Business appraisal and ad hoc projects

THE PERSON

- 2:1 graduate ACA with first time passes
- Age indicator 24-28
- Experience of large company audit and special work
- Self starter: results orientated
- Commercially astute with strong communication skills

For further information please contact the advising consultants Sharmila Sharon Parekh or David Howell at Executive Match: 071-872 5544 Fax: 071-753 2745, or write to them at:

EXECUTIVE MATCH
1 Northumberland Avenue,
Trafalgar Square,
London, WC2N 5BW

FINANCE DIRECTOR

M5 Corridor **c.£45,000 + car + benefits**

Our client, a subsidiary of a major UK Plc, is a world leader in its specialist field. The combination of innovative product development and advanced manufacturing systems ensures that customers are provided with cost-effective solutions.

They now seek a Finance Director to become a key member of the management team. Reporting to the Managing Director, responsibilities will include:

- Monthly reporting to tight deadlines.
- Review, development and enhancement of both management information and costing systems.
- Supervision and motivation of all on-site staff.

Suitable candidates for this role will be accountants aged 30-45 with several years post qualification experience gained within a large manufacturing/engineering company, where they have also contributed to business strategy and commercial development. Essential personal qualities will include strong communication skills, alongside the drive and ambition to succeed within a forward thinking organisation.

To apply please write with a full CV quoting reference 6067/FT to Steven Vass BA ACA, at: WTH Executive Resourcing, 13 Berkeley Square, Clifton, Bristol BS8 1HG.

THOMAS · HODGINS · PLC

European Finance Director

Financial Services

City based

c. £55,000 + substantial bonus potential

Our client is the major division of an international financial services and media Group, leaders in a fast moving, global sector of the industry. This new appointment, reporting directly to the European Chief Executive, is to strengthen the senior management team and their control of the operations in six countries, as the business in Europe continues to grow rapidly.

The post embraces the range of planning, budgeting, reporting, monitoring, technical accounting and systems work, typical of such a role. But equally *importantly* the European Finance Director must have the managerial and financial skills to control a dispersed operation and the commercial experience and mature approach, necessary to make a significant contribution to the Division's management and profitability.

Candidates, male or female, probably aged in their 30's, should be fully qualified accountants with a progressive career in an international group and have held a significant pan European appointment. Additional advantages would include a financial services background, having been based in Europe, fluency in a second European language, and an MBA. They will need the energy and intellect to operate in a small, highly committed, multi-cultural management team, who thrive on making positive decisions on complex issues, within the overall agreed business strategy.

Please apply in confidence, with a full C.V. including salary details, to David Thompson, Managing Partner, David Thompson Associates, Bacombe Rise, Ellesborough Road, Wendover, Bucks HP22 6EL.

DAVID THOMPSON ASSOCIATES

CONSULTANTS IN EXECUTIVE RECRUITMENT

FINANCIAL ACCOUNTANT
GABON

£SUBSTANTIAL TAX FREE PACKAGE

Our client, an independent oilfield construction company with rapidly expanding operations, is seeking a fully qualified accountant for its regional office. As a key member of the management team, the successful applicant will be responsible for the production of monthly management accounts and other management reports, office administration, management of suppliers and clients accounts and budget and cashflow forecasts.

The ideal candidate will be fluent in French, capable of working on their own initiative, fully computer literate and possess a high level of energy, drive and commitment.

Salary will be commensurate with qualifications and experience and the package will include the cost of accommodation and living allowance.

If you are interested please submit your full CV and salary information to:

Norman Allport & Co.,
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Please write in confidence, enclosing full career and salary details to Tony Saw quoting reference J2209 at the address below:-

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Please reply in confidence with salary details and a copy of CV, by 29 September 1994, to Box A2154, Financial Times, One Southwark Bridge, London SE1 9HL

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The Institute of Chartered Accountants in England and Wales

Results of Final Examination and Professional Examination 2 held in July 1994

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Chauncy J.B.E. (Price, Bailey), Norwich
Cheatle D.M. (Coopers & Lybrand), London
Chellam V.V. (KPMG Peat Marwick), Sheffield
Cheng J. (Ernst & Young), London
Cherry K.A. (Touche Ross & Co.), Cambridge
Cheung J. (Coopers & Lybrand), Reading
Cheung W.Y. (Ernst & Young), Birmingham
Chew C.C. (Arthur Andersen), London
Childers H.M. (Sampson West), London
Chimarides N. (Blick Rothenberg), London
Chumley K.E. (Hawsons), Sheffield
Chittin J. (Arthur Andersen), London
Chowdhery S.A. (KPMG Peat Marwick), London
Christie G.D. (BDO Binder Hamlyn), London
Christodoulou C. (Charles Frieze & Co), Manchester
Chu Y.M.A. (KPMG Peat Marwick), Northampton
Chugani N. (Price Waterhouse), Windsor
Chugh R.K. (Price Waterhouse), London
Chung Chung Wai J. (KPMG Peat Marwick), London
Churchill R. (Touche Ross & Co.), Crawley
Churchill R.L.S. (Touche Ross & Co.), London
Churchward L.M. (KPMG Peat Marwick), London
Clack J.A.J. (Touche Ross & Co.), Bournemouth
Clacy J. (Touche Ross & Co.), Guernsey
Clark D.A.M. (Brewers), Cranleigh
Clark D.J.C. (KPMG Peat Marwick), St. Albans
Clark E.M.B. (Ernst & Young), Birmingham
Clark F.J.A. (Coopers & Lybrand), Bristol
Clark K. (Coopers & Lybrand), London
Clark N.G. (Kidsons Impey), Birmingham
Clark S.R. (Griffith Clarke), Stroud
Clarke L.A. (Burman & Co), Redditch
Clarke M.J. (Calder W.J. Sons & Co), London
Clarke M.R. (Arthur Andersen), Leeds
Clarke S.D. (Harris Bassett & Co), Swansea
Clarkson M. (KPMG Peat Marwick), Huddersfield
Clayton A.M. (Coopers & Lybrand), Portsmouth
Clayton P.A. (Coopers & Lybrand), Maidstone
Clements L.J. (Price Waterhouse), Leeds
Clements R.C. (Coopers & Lybrand), London
Clemmson A. (Jackson, Stephen & Co), Leigh
Clibbens N. (Coopers & Lybrand), Leeds
Clifford A.F.J. (Ernst & Young), Birmingham
Clough H. (Chantrey Vellacott), London
Coates E.H. (Grant Thornton), Manchester
Cobb J.R. (Price Waterhouse), Birmingham
Cobban D.A. (KPMG Peat Marwick), London
Cochran A.E. (KPMG Peat Marwick), London
Cocker R.A. (Kidsons Impey), Birmingham
Coe J.R.T. (Ernst & Young), Manchester
Cohen J. (Price Waterhouse), London
Cohen J.M. (Price Waterhouse), Manchester
Cole M. (KPMG Peat Marwick), Birmingham
Cole N.C. (Arthur Andersen), London
Coleman S. (Neville Russell), Oxford
Coley W.B.M. (Coopers & Lybrand), Birmingham
Collecott M.J.S. (Hughes Allen), London
Collier A.D. (KPMG Peat Marwick), Leeds
Collins B.J. (Haines Watts), Reading
Collins J.A. (Halpern and Woolf), Oxford
Collins J.E. (KPMG Peat Marwick), Birmingham
Collins S. (Armstrong Watson & Co), Whitehaven
Collins S.C. (Jacob, Cavenagh & Skeet), Sutton
Collinson R.J. (Ellacott, Stranks & Co), Banbury
Colville G.B. (Pannell Kerr Forster), Liverpool

Compton A.M. (James Worley & Sons), Kingston-Upon-Thames
Compton P.J. (Coopers & Lybrand), Uxbridge
Conlin O. (Coopers & Lybrand), Northampton
Connolly P.J. (Coopers & Lybrand), Cardiff
Conroy S.J. (Arthur Andersen), London
Constantinou C. (Moore Stephens), London
Conway E.S. (Humphreys E. Noel & Co), Chester
Conway G.P.A.M. (Arthur Andersen), London
Cook D.L. (Neville Russell), Leeds
Cook M.I. (Ernst & Young), Newcastle Upon Tyne
Cooke B.N.S. (Reads & Co), Jersey
Coombe K.B. (Price Waterhouse), London
Coombes E.J. (Wheawill & Sudworth), London
Coombes N.L. (Touche Ross & Co.), London
Coombs A.L.A. (KPMG Peat Marwick), Crawley
Cooper D.C. (BDO Binder Hamlyn), Birmingham
Cooper P.A. (Grant Thornton), Bedford
Copas H.R. (Clark Whitehill), High Wycombe
Copley D.M. (Morley & Scott), Winchester
Coppin M.I. (Price Waterhouse), Birmingham
Corbett J. (Midgley, Snelling), London
Corbett M. (BDO Binder Hamlyn), London
Corcoran A. (KPMG Peat Marwick), Ipswich
Cormack A. (Neville Russell), London
Cornes A.D. (Coopers & Lybrand), Manchester
Cose N.J. (Bishop Fleming), Torquay
Costa A.C. (KPMG Peat Marwick), London
Costa E. (BSG Valentine), London
Cottam C.R.E. (Price Waterhouse), London
Cottle M.D. (Coopers & Lybrand), Birmingham
Cottrell A.G. (Ernst & Young), London
Cottrell T.C. (Coopers & Lybrand), London
Coulson A.S. (Alliotts), London
Coupar A.J. (Thornton, Harper & Relph), Preston
Court J.M. (Smith & Williamson), London
Courtney S. (KPMG Peat Marwick), Sheffield
Cowling D.J. (Brown, Butler & Co), Leeds
Cox J. (Brebner, Allen & Trapp), London
Coyle S.J. (Coopers & Lybrand), Birmingham
Cramer S.J. (Ernst & Young), London
Creaton M. (Coopers & Lybrand), Birmingham
Cregeen R.J. (Ernst & Young), Douglas
Cremin M.J. (BDO Binder Hamlyn), Manchester
Cribb H.E. (Price Waterhouse), Windsor
Cribb L.J. (Neville Russell), Poole
Critchley D.B. (Stoy Hayward), London
Crockett S.C. (Price Waterhouse), London
Croft M.C. (Wilson Wright & Co.), London
Cromack M. (Arthur Andersen), Cambridge
Cross J.P. (Booth Ainsworth), Cheadle
Crotty B.P. (KPMG Peat Marwick), London
Crowe M.H. (Coopers & Lybrand), Douglas
Crowley P.A. (Casson Beckman), London
Cruttenden J. (BDO Binder Hamlyn), London
Cullen S.P. (Sproull & Co), Harrow
Culley K.J. (Menzies), Kingston-Upon-Thames
Cumberland S.R. (Ferguson Maidment & Co), London
Cunningham M.H.M. (Wise & Co), Farnham
Curle N. (Touche Ross & Co.), London
Curnuck J.P. (Arthur Andersen), Manchester
Curran K.C. (Price Waterhouse), London
Curtis S.P. (Ernst & Young), Ipswich
Czekirda P. (Price Waterhouse), Newcastle Upon Tyne

D

Dadds R.J. (KPMG Peat Marwick), London
Dalgas S.P. (Stoy Hayward), London
Dangerfield K.J. (Coopers & Lybrand), Bristol
Danker S.L. (Coopers & Lybrand), London
Dant C.J. (Coopers & Lybrand), Cambridge

Edwards C.L. (Gane Jackson Scott), Romford
Edwards D.H. (Coopers & Lybrand), Uxbridge
Edwards G.M. (Price Waterhouse), London
Edwards L.S. (BDO Binder Hamlyn), Bristol
Edwards M.H. (Peters, Elworthy & Moore), Cambridge
Edwards P.A. (Grant Thornton), Sheffield
Edwards P.J. (Pannell Kerr Forster), Birmingham
Edwards T.K. (Rothman Pantall & Co.), Salisbury
Ee A.M.Y. (Ernst & Young), London
Egan M. (KPMG Peat Marwick), Bradford
Ellaway R.G. (Grant Thornton), Cheltenham
Elliff S.R. (KPMG Peat Marwick), London
Elliot S.L. (Ernst & Young), Liverpool
Elliott D.C. (Arthur Andersen), London
Elms S.P. (Coopers & Lybrand), Manchester
Elsworth R.S. (Sheen Stickland), Chichester
English A.J. (Price Waterhouse), London
English D.M. (Harold Sharp Son & Gresty), Sale
English P.M. (Arthur Andersen), London
Entwisle J.P.H. (Coopers & Lybrand), London
Errington T.V. (Coopers & Lybrand), Nottingham
Escott C.W.A. (Robson Rhodes), Leeds
Eskdale C.R. (Touche Ross & Co.), London
Eugster M.B.M. (BDO Binder Hamlyn), St. Albans
Evans A.D. (Hardy & Company), Hyde
Evans A.G. (Jayson Newman), London
Evans A.M. (Ernst & Young), Liverpool
Evans C.J. (Shipleys), London
Evans N.J.C. (Ernst & Young), London
Evans R. (Moores Rowland), Walsall
Evans S.A. (Shipleys), London
Evans S.H. (Ernst & Young), Leeds
Evans T.P.A. (Price Waterhouse), London
Everard R.A. (Pannell Kerr Forster), London
Evison E.L. (Duncan & Toplis), Grantham

F

Fairbrother T.A. (Waring J.H. & Co), Bolton
Fairchild P.J. (Coopers & Lybrand), London
Fairclough J. (Haines Watts), Liverpool
Fairhurst J.M. (Trafalgar House plc), London
Fargher A.E. (Price Waterhouse), Windsor
Farrer S. (Saint & Co.), Carlisle
Farris C. (Ernst & Young), London
Fawthrop I.P. (KPMG Peat Marwick), Manchester
Fay I.M. (Moore Stephens), Enfield
Fearn T.A. (KPMG Peat Marwick), Cambridge
Feldmann R.G. (Arthur Andersen), London
Fenby K.J. (Price Waterhouse), Manchester
Fennell J. (Baker Tilly), London
Field C.P. (KPMG Peat Marwick), Leeds
Finch E.N.R. (Dixon Wilson), London
Finn S.H. (Touche Ross & Co.), London
Firkins A.O. (Coopers & Lybrand), London
Firth V.M. (Coopers & Lybrand), London
Fisk D.R. (Price Waterhouse), London
Fitzgerald D. (Price Waterhouse), Birmingham
Flaum P.C. (Price Waterhouse), London
Fleet G. (Price Waterhouse), London
Fleetwood J.R.A. (KPMG Peat Marwick), Preston
Fleming S.R. (Touche Ross & Co.), London
Flintoff T.D. (Coopers & Lybrand), London
Flood E.F. (KPMG Peat Marwick), Newcastle Upon Tyne
Flude S. (BDO Binder Hamlyn), London
Flynn C.L. (Coopers & Lybrand), Uxbridge
Foots J.R. (Price Waterhouse), Newcastle Upon Tyne
Formosa-Gauci J. (Price Waterhouse), London
Forshaw C.T. (KPMG Peat Marwick), Cambridge
Foster A. (Arthur Andersen), London
Foster C. (Touche Ross & Co.), Liverpool
Foulds J.M. (KPMG Peat Marwick), Newcastle Upon Tyne

Gregory I.E. (Farmiloes), Birmingham
Gregory M. (Ernst & Young), London
Griffin B.M. (Arthur Andersen), London
Griffith K.L. (KPMG Peat Marwick), London
Griffiths P.D. (Coopers & Lybrand), Reading
Grimwood S.M. (KPMG Peat Marwick), London
Gronow J.W. (KPMG Peat Marwick), Cardiff
Groome G.D. (Morris & Co), Chester
Gulliver S. (Brooking, Knowles & Lawrence), Andover
Gulwell M.G. (KPMG Peat Marwick), Leeds
Gunja T.Y. (Coopers & Lybrand), Uxbridge
Gunn D. (Touche Ross & Co.), Liverpool
Gunn P.J. (Ernst & Young), London
Gupta R. (KPMG Peat Marwick), London
Gurney T. (KPMG Peat Marwick), London
Guy A.J. (Banham Graham), Norwich

H

Habbick I. (Freeman Baker), St. Albans
Haddon D.A. (Ernst & Young), Luton
Hajee-Adam T.H.M. (Arram Berlyn Gardner), London
Hales V.S. (Nevill, Hovey & Co), Plymouth
Hall J.D. (Coopers & Lybrand), Sheffield
Hall S.C. (Stoy Hayward), London
Hall T.S. (KPMG Peat Marwick), Leeds
Hallam C.E. (Touche Ross & Co.), London
Hallmark M.R. (Stoy Hayward), Nottingham
Halls L. (Price Waterhouse), Bristol
Halstead D.E.M. (Arthur Andersen), Cambridge
Hameed F. (Ernst & Young), London
Hamill J.B. (Whittaker & Co), Luton
Hancox R.M. (Naismith, Coutts & Co), Ashton-Under-Lyne
Handa S. (Nunn Crick & Bussell), Harrow
Hanney M. (Arthur Andersen), London
Hannon T.J. (Royce Peeling Green), Manchester
Harbisher K.L. (Brown, Butler & Co), Leeds
Hardiman-Evans D.J.G. (Arthur Andersen), London
Harding J.K. (Littlejohn Frazer), London
Harding J.S.J. (KPMG Peat Marwick), Maidstone
Hards G.W.P. (Coopers & Lybrand), Birmingham
Hare D.M. (KPMG Peat Marwick), Liverpool
Hare T.E. (Coopers & Lybrand), London
Harlow I. (BDO Binder Hamlyn), Newbury
Harmer A.F. (Stephens F.W. & Co), London
Harper-Tee A. (Chantrey Vellacott), London
Harries C.K. (Pannell Kerr Forster), London
Harries P.R. (Price Waterhouse), London
Harris E.J. (Coopers & Lybrand), Northampton
Harris M.L. (Fiander Tovell & Co), Southampton
Harris R.A. (Ernst & Young), Leicester
Harris-Ugbomah D.J. (Price Waterhouse), London
Harrison C.E. (Robson Rhodes), Bristol
Harrison M.A. (Touche Ross & Co.), Manchester
Harrison R.C.V. (Coopers & Lybrand), Bristol
Hart M.E. (Arnold Hill & Co), London
Harte A.P. (Touche Ross & Co.), London
Hartigan J.W. (Coopers & Lybrand), London
Hartley V.K. (Neville Russell), London
Harty G. (KPMG Peat Marwick), Leeds
Harvey E. (Menzies), Walton-On-Thames
Harvey G.W. (Grant Thornton), London
Harwood R.W. (Ernst & Young), Bristol
Hashim J. (Blick Rothenberg), London
Haslam A.F. (Baker Tilly), Manchester
Hassan H. (Ernst & Young), London
Hatton N.J. (Coopers & Lybrand), London
Hawkes A.J. (KPMG Peat Marwick), Exeter
Hawley A.M. (Coopers & Lybrand), Sheffield
Hay I.C. (Coopers & Lybrand), London
Hayhurst J.A. (KPMG Peat Marwick), Manchester
Haymonds A.P. (KPMG Peat Marwick), Newcastle Upon Tyne
Headley J.L. (Chantrey Vellacott), Northampton
Heap M. (Touche Ross & Co.), London
Heathcote S.B. (Casson Beckman), London
Heathcote S.E. (Coopers & Lybrand), Manchester
Heazell V. (Touche Ross & Co.), London
Hedley P.I. (KPMG Peat Marwick), London
Heeley S.J. (Neville Russell), Birmingham
Heeney J.P. (Barber, Harrison & Platt), Sheffield
Heidenfeld T. (Coopers & Lybrand), Cardiff
Hemans A.P. (KPMG Peat Marwick), Basingstoke
Henchoz L.A. (Slater, Chapman & Cooke), London
Henderson K.L. (Moores Rowland), Hertford
Henderson S. (Walker R. Tait & Co), Newcastle Upon Tyne

Lowery C.E. (Grant Thornton), Manchester
Lucas N.A. (Pannell Kerr Forster), Derby
Lumsden C. (Chegwidden & Co), Chadwell Heath
Lund J.M. (Ruthven Pantall & Co), Eastleigh
Lung K.H.R. (Maurice Apple), London
Lynch H.E. (Hawsons), Sheffield
Lynn A.P. (Ernst & Young), London
Lynn J. (National Audit Office), London
Lynn J.M. (KPMG Peat Marwick), Reading
Lyon C.F. (Price, Bailey), Bishop's Stortford
Lyons S.E. (KPMG Peat Marwick), Nottingham

M

Maccoll D.J. (Price Waterhouse), Cardiff
Macdonald G.K. (Touche Ross & Co), London
Mackay C.R. (KPMG Peat Marwick), Bradford
Mackenzie J.S. (Price Waterhouse), London
Mackie C.A. (Price Waterhouse), Newcastle Upon Tyne
Maguire K.A. (KPMG Peat Marwick), Chepstow
Maher M.J. (KPMG Peat Marwick), Manchester
Mahomed H.H. (KPMG Peat Marwick), Leicester
Malde R. (KPMG Peat Marwick), London
Malley N.V. (KPMG Peat Marwick), London
Manish A. (KPMG Peat Marwick), London
Mansang P.S. (KPMG Peat Marwick), London
Mantri M. (BDO Binder Hamlyn), London
Marcel D.C. (Price Waterhouse), Manchester
Mapleston P.J. (Price Waterhouse), Bristol
Markham A.V. (Arthur Andersen), London
Marley N.J. (Littlejohn Frazer), London
Marsh J. (Touche Ross & Co), London
Marshall A. (Price Waterhouse), Birmingham
Martin A.E. (KPMG Peat Marwick), London
Martin A.G.H. (Pride Brewster), London
Martin G.P. (Coopers & Lybrand), Manchester
Martin N.G. (Hazlewoods), Cheltenham
Martin P.D. (Coopers & Lybrand), London
Martin P.H. (Price Waterhouse), Newcastle Upon Tyne
Martindale C.A. (Coopers & Lybrand), London
Martinez A. (Ernst & Young), London
Mason P.C. (Touche Ross & Co), Crawley
Masters J.P.J. (BDO Binder Hamlyn), London
Mastrogiacomo M. (Moore Stephens), London
Matthews C.J. (Morgan Brown & Spofforth), Loughton
Matthews S. (Halpern and Woolf), London
Mawji H. (Citroen Wells), London
Maxwell A.A. (Kidsons Impey), London
May A.L.S. (KPMG Peat Marwick), Reading
McAdams J.A. (Arthur Andersen), London
McAllion G. (KPMG Peat Marwick), Birmingham
McCarthy A.J. (C. Connelly & Co), Huddersfield
McCarthy P.P. (Fraser & Russell), London
McCartney T.B. (Arthur Andersen), London
McCormack P.M. (Coopers & Lybrand), Uxbridge
McDonald A.C. (Shelley Simmons Pinnick & Co), London
McDonald R. (Touche Ross & Co), London
McDowell-Smith G.P. (Arthur Andersen), Leeds
McGirr J.R. (KPMG Peat Marwick), St. Albans
McGrady G. (KPMG Peat Marwick), Leicester
McHugh N. (KPMG Peat Marwick), London
McKay C.N. (KPMG Peat Marwick), Norwich
McKay F.J. (Heathcote & Coleman), Birmingham
McLaney D.C. (Ernst & Young), Newcastle Upon Tyne
McLean C.A. (KPMG Peat Marwick), Darlington
McLean M.R. (Fox, Evans & Partners), Coventry
McLeish C.M. (Pannell Kerr Forster), London
McLellan A.M. (Coopers & Lybrand), Bournemouth
McLeod K.A. (Revell Ward), Huddersfield
McMenamin E.M. (Coopers & Lybrand), London
McMinn N.J. (Price Waterhouse), Newcastle Upon Tyne
McNamara C.M. (Menzies), Kingston-Upon-Thames
McQuaid J. (Arthur Andersen), Reading
McWalter A. (Jackson Feat), Jersey
Meek S. (Coopers & Lybrand), Uxbridge
Meeten J.P. (KPMG Peat Marwick), Liverpool
Melling P.F. (Coopers & Lybrand), London
Mellor D.C. (Dixon Wilson), London
Mendonca B.C. (KPMG Peat Marwick), Birmingham
Mercer R.E. (Coopers & Lybrand), Manchester
Merchant M.H. (Hacker Young), London
Merchant P.G. (Kingston Smith), Hayes
Merrick M.P. (Coopers & Lybrand), London
Metters C.J. (Bellman Mead), London
Miah S. (Grant Thornton), London
Miguiuk J.F. (Ernst & Young), Manchester
Millar A.J. (Coopers & Lybrand), Newcastle Upon Tyne
Millar J. (Coopers & Lybrand), London
Miller A.J. (KPMG Peat Marwick), Crawley
Millet A. (Stoy Hayward), Wembley
Millward S.P. (Clement Keys), Brierley Hill
Milne J.B. (Coopers & Lybrand), Uxbridge
Milton A.G. (Price Waterhouse), London
Mims E.A. (KPMG Peat Marwick), London
Minson A.L. (Coopers & Lybrand), Cambridge
Mintz J. (Kidsons Impey), London
Mistry C.C. (Price Waterhouse), St. Albans
Mitra N. (Ernst & Young), Manchester
Misty Y. (Griffin Stone, Moscrop & Co), London
Mitchell D.J.F. (Jervis & Partners), Northampton
Mitra G. (Touche Ross & Co), London
Mogridge C. (Touche Ross & Co), London
Mohammed A. (Clement Keys), West Bromwich
Mokhtar M. (Kingston Smith), London
Moody D.E.B. (Smith F.W. Riches & Co), London
Moore A.D. (Ernst & Young), Manchester
Moore E.J. (Coopers & Lybrand), London
Moore L. (Pannell Kerr Forster), London
Moore P.O.S. (Legg & Co), Maidstone
Moore G.S. (Wilder Coe), London
Morgan G.J. (Clark Whitehill), Birmingham
Morgan G.P. (Coopers & Lybrand), London
Morgan J.M. (Ernst & Young), London
Morgan N.B. (Touche Ross & Co), London
Morgan N.C. (Price Waterhouse), London
Morley-Jacob R.C. (Ernst & Young), London
Morris A.R. (Stoy Hayward), London
Morris D.G. (Price Waterhouse), Leicester
Morris G.R. (Touche Ross & Co), London
Morris J.E. (Ernst & Young), London
Morris J.R. (Arthur Andersen), London
Morris-Jones P.H. (KPMG Peat Marwick), Crawley
Morris L.M. (Hillier Hopkins), Hemel Hempstead
Morris O.P. (Arthur Andersen), Bristol
Morris P.G.S. (Hartley Fowler), Horsham
Morton C.E. (Price Waterhouse), Jersey
Moss R.H. (Heaven & Co), Birmingham
Moss S. (BDO Binder Hamlyn), London
Moss S.J. (Coopers & Lybrand), London
Mountain K.A. (KPMG Peat Marwick), Bradford
Muchall K.J. (Price Waterhouse), Birmingham
Muir I.D. (Ernst & Young), Douglas
Mukonde Y. (Coopers & Lybrand), Southampton
Mullen M.C. (Coopers & Lybrand), Birmingham
Mullin S.D. (Ernst & Young), London
Munroe P.M. (KPMG Peat Marwick), London
Munroe S.F. (Price Waterhouse), London
Murphy C.Z. (BDO Binder Hamlyn), London
Murphy M.P.H. (Kidsons Impey), London
Murray D.L. (Touche Ross & Co), London
Muscenden S.E. (Touche Ross & Co), London
Mychalkiw P. (Coopers & Lybrand), Manchester

N

Nancarrow E.C. (Coopers & Lybrand), London
Nanson L. (Lonsdale & Marsh), Liverpool
Naraghi A.R.F. (Kramers), London
Nash A.L. (Price Waterhouse), London
Nash J.F. (Wilson Wright & Co), London
Nathan T.P. (Coopers & Lybrand), London
Nawab N.A. (MacIntyre Hudson), High Wycombe
Naylor S.J. (Price Waterhouse), Newcastle Upon Tyne
Neal S.J. (Ernst & Young), Jersey
Neal S.J. (Hardcastle Burton), Hoddesdon
Needham J.V. (KPMG Peat Marwick), London
Nelson M.L. (Kidsons Impey), Manchester
Nesbitt A.G. (McCrackens), Grimsby
Nettleton A.B. (Grant Thornton), Leeds
Nettleton A.P. (Pannell Kerr Forster), Nottingham
Neumann C.A. (Wilkins Kennedy), Orpington
New J.F. (Stoy Hayward), Ewell
Newell S.J. (Pannell Kerr Forster), London
Newgrosh A. (Price Waterhouse), Manchester
Newlands G.J. (Kingston Smith), London
Newton G.J. (KPMG Peat Marwick), London
Ngunze M. (Price Waterhouse), Manchester
Nice S.O. (Coopers & Lybrand), London
Nicholls A.C. (Ernst & Young), London
Nicolaou N. (Sharles & Co), London
Noble L. (Baker Tilly), Bradford
Noble K.D. (Touche Ross & Co), Leeds
Noble S.J. (Robson Rhodes), Birmingham
Nockles A.G. (Ernst & Young), Hull
Noon D.A. (Coopers & Lybrand), Leicester
Norgate M.K. (Ernst & Young), Exeter
Norman K.A. (Coopers & Lybrand), Swansea
Norman T.C. (Price Waterhouse), London
North G.W. (Ernst & Young), Birmingham
North V.R. (Kidsons Impey), London
Norton A. (Bissell & Brown), Birmingham
Nunan S.P. (Coopers & Lybrand), London

O

O'Brien J. (Ernst & Young), Bristol
O'Connell P.R. (Coopers & Lybrand), Sheffield
O'Donoghue F.L. (BDO Binder Hamlyn), London
O'Donnell F.A. (O'Donnell C.P. & Co), Bovingdon
O'Hanlon J.J. (Grant Thornton), High Wycombe
O'Sullivan S.C. (Touche Ross & Co), Cardiff
O'Toole S.J. (KPMG Peat Marwick), London
Oakley D.S. (KPMG Peat Marwick), Preston
Ogunsola C. (Gibson Partners), London
Oldham S. (Scott, Roberts, Taylor & Co), Hyde
Olds R.P. (Coopers & Lybrand), Cardiff
Oliver A.J. (Arthur Andersen), London
Oliver A.J. (Touche Ross & Co), London
Oliver P.C. (Robson Rhodes), London
Olsen G.D. (Ernst & Young), London
Onin K.J. (Coopers & Lybrand), London
Orchison G.O. (Coopers & Lybrand), Bristol
Ormondroyd A.D. (Clark Whitehill Joscelyne), Keighley
Orphanidou P. (Coopers & Lybrand), London
Osbeston J.L. (KPMG Peat Marwick), London
Osborne F.C. (Coopers & Lybrand), Reading
Osman J.M. (Ernst & Young), London
Otter D.J. (Fraser & Russell), Hertford
Owen C. (Coopers & Lybrand), Reading
Oxborough C.J. (KPMG Peat Marwick), Norwich

P

Pacheco C.R. (Maurice Apple), London
Padgett B. (Grahame Dale & Company), Dewsbury
Page A.C. (Barker, Hibbert & Co), Croydon
Pal T. (Newman & Partners), London
Paley S.R. (Ernst & Young), Birmingham
Palfreyd A. (Coopers & Lybrand), London
Pallent L. (KPMG Peat Marwick), Darlington
Palmer B.K. (KPMG Peat Marwick), Reading
Palmer J.G. (Reeves & Neylan), Canterbury
Pang A.M. (Wilson Wright & Co), London
Pang K.C. (KPMG Peat Marwick), London
Pang P.W.M. (Ernst & Young), Bristol
Pankhania P.M. (KPMG Peat Marwick), London
Panter J.L. (Coopers & Lybrand), Manchester
Parmenter I.E. (Robinson J.F.W. & Co), Workington
Parker A.C. (Coopers & Lybrand), London
Parker A.P. (BDO Binder Hamlyn), Leeds
Parker J.M. (Coopers & Lybrand), London
Parker K.J. (Chantrey Vellacott), Croydon
Parker V.L. (Coopers & Lybrand), London
Parkinson C.D.A. (Kidsons Impey), Chester
Parris R.E. (Ernst & Young), Cambridge
Parrott W.J. (KPMG Peat Marwick), Guildford
Parry S.L. (Pannell Kerr Forster), Manchester
Parsons D.J. (KPMG Peat Marwick), Douglas
Partington J.A. (Coopers & Lybrand), Manchester
Partridge J.S. (Francis Clark), Newton Abbot
Partridge P.K. (Coopers & Lybrand), London
Patel B. (BDO Binder Hamlyn), London
Patel D. (Coopers & Lybrand), London
Patel M. (Rees Pollock), London
Patel R.C. (Coopers & Lybrand), London
Patel V. (Ernst & Young), Luton
Patel V.K. (Coopers & Lybrand), London
Paterson P.C. (Ernst & Young), London
Paterson H.M. (Touche Ross & Co), Cardiff
Paul B.S. (Price Waterhouse), London
Payne L. (Levy Gee), London
Peacock S.M. (Arthur Andersen), London
Peake J.D. (Price Waterhouse), London
Pearce A.J. (Brooking, Knowles & Lawrence), Basingstoke
Pearce J.H. (Coopers & Lybrand), Croydon
Pearce J.S. (Coopers & Lybrand), Leeds
Pearce N. (Barnham, Bradford & Hamilton), London
Pearce S.K. (Clark Whitehill), Maidstone
Pearce S.T. (Pearson May & Co), Bath
Pearson A.C. (Arthur Andersen), London
Pearson C.J. (Coopers & Lybrand), London
Pearson S.A. (Casson Beckman), London
Pease S.G. (Arthur Andersen), Leeds
Pegg A.L. (Kidsons Impey), Bristol
Pegler S.J. (Ernst & Young), Southampton
Pendrill A.C. (Touche Ross & Co), London
Penfold C.L. (Nash Broad Wesson), London
Penikett D.J. (KPMG Peat Marwick), London
Perera T.S. (Touche Ross & Co), London
Perkins N.M. (Coopers & Lybrand), London
Pescatore I. (Coopers & Lybrand), Leicester
Petch J.D. (Arthur Andersen), London
Peters S.J. (Price Waterhouse), London
Petrou A. (KPMG Peat Marwick), Leicester
Pettitt L.V. (KPMG Peat Marwick), Reading
Phelan H.L. (Coopers & Lybrand), Sheffield
Philip P. (KPMG Peat Marwick), London
Philaniotou E. (Nash Broad Wesson), London
Phillips P.E. (Touche Ross & Co), Cardiff
Phillips J.B. (KPMG Peat Marwick), Birmingham
Phillips K.H. (Barber, Harrison & Platt), Sheffield
Picart L.M. (KPMG Peat Marwick), Manchester
Pickerill C. (Price Waterhouse), London
Pickles R.J. (Touche Ross & Co), Leeds
Pickworth J.M. (Ernst & Young), London
Piers P.J. (Touche Ross & Co), London
Pike J.G. (Coopers & Lybrand), London
Pikis M.A. (Coopers & Lybrand), London
Pilling L.E. (Ernst & Young), London
Platt H.A. (Touche Ross & Co), Leeds
Playfoot N.J. (KPMG Peat Marwick), Maidstone
Plumb T.M. (Gilbert), St. Albans
Plunkett C.A. (Coopers & Lybrand), London
Pomfret R.J. (Touche Ross & Co), Birmingham
Pond S.F. (Coopers & Lybrand), Norwich
Poole L.A. (Baker Tilly), London
Pope J.M. (Saffery Champness), London
Pope S.J. (Coopers & Lybrand), Liverpool
Popplewell E.J.S. (Coopers & Lybrand), Reading
Porter A.J.B. (Littlejohn Frazer), London
Potter S.E. (KPMG Peat Marwick), Birmingham
Potter W.D. (KPMG Peat Marwick), Basingstoke
Povey G. (Touche Ross & Co), London
Power H. (Touche Ross & Co), London
Pownall J. (Touche Ross & Co), Newcastle Upon Tyne
Powrie D.E. (Chambers Fry & Co), London
Pratt H.L. (KPMG Peat Marwick), Crawley
Preda I. (KPMG Peat Marwick), London
Preece A.R. (Ernst & Young), Birmingham
Price A.L. (KPMG Peat Marwick), Birmingham
Price D.J. (Coopers & Lybrand), Cardiff
Price J.D. (Rouse & Co), Beaconsfield
Price L.J. (Touche Ross & Co), Birmingham
Price M.J. (Touche Ross & Co), Southampton
Price R.D. (Ernst & Young), Leeds
Procter K.M.C. (Coopers & Lybrand), London
Proctor G.A. (Coopers & Lybrand), Sheffield
Prosser R.J. (Grant Thornton), Milton Keynes
Psaltis D. (Shasta Young), London
Pugh D.M. (Richard Somers & Co), Tetbury
Pulford K.J. (Pannell Kerr Forster), Nottingham
Purcell M.T. (KPMG Peat Marwick), London
Purvis K. (Price Waterhouse), London
Putnam E.G. (Price Waterhouse), Leeds

Q

Qamar Khan K. (MacIntyre & Co), London
Quah B.H. (Benjamin, Taylor & Co), London
Quantrill H.L. (Grant Thornton), Oxford
Quartermain B.N. (Price Waterhouse), Windsor
Quaye M.A. (Price Waterhouse), London
Quest V. (Ernst & Young), Reading
Quirk P.C. (Baker Tilly), Guildford

R

Ram R. (Price Waterhouse), London
Rampersaud S. (Price Waterhouse), London
Ramsay S.H.A. (Coopers & Lybrand), London
Ramsden K.E. (Store R.N. & Co), Grimsby
Randall M.J. (KPMG Peat Marwick), Sheffield
Randall R.E. (Morton Thornton), St. Albans
Randles P.J. (KPMG Peat Marwick), Manchester
Rans S.A. (Arthur Andersen), London
Ransford I. (Spooners), Gainsborough
Rates C.L. (Coopers & Lybrand), London
Rawlinson G.W. (Ernst & Young), Birmingham
Ray T. (Thornton, Harper & Relph), Preston
Raymer H.A. (Coopers & Lybrand), Norwich
Raymond J.B. (Monahans), Swindon
Read D.R. (Arthur Andersen), London
Read J.E. (Coopers & Lybrand), Bournemouth
Redmond J.P.T. (Hacker Young), London
Rees H.J. (KPMG Peat Marwick), Reading
Reese T.E. (Chadwick & Co), Liverpool
Regan J.F.P. (Morgan Brown & Spofforth), London
Reggio J.P.A. (Morgan Brown & Spofforth), London
Reichelt G.J. (BDO Binder Hamlyn), London
Reid A.D. (Price Waterhouse), London
Rennison Y. (Arthur Andersen), Manchester
Renshaw T.A. (Chantrey Vellacott), London
Reynolds A.C. (Arthur Andersen), London
Reynolds M. (Coopers & Lybrand), London
Reynolds N.H. (Brooking, Knowles & Lawrence), Fareham
Reza M.M. (Arthur Andersen), London
Rhodes K.A. (Coopers & Lybrand), Leicester
Richards C.B. (Coopers & Lybrand), Uxbridge
Richards M. (Kingston Smith), Hayes
Richards S.J. (Kidsons Impey), London
Richardson D.M. (Gardiners), York
Richardson D.P. (Stoy Hayward), Nottingham
Richardson H.J. (Price Waterhouse), Nottingham
Richardson J. (Touche Ross & Co.), London
Richardson S.R. (Price Waterhouse), London
Riches J.H. (KPMG Peat Marwick), St. Albans
Richmond G.L. (Ernst & Young), Cambridge
Ridley N. (Whitley, Stimpson & Partners), Banbury
Rieveley A.P. (KPMG Peat Marwick), Leicester
Riley A.L. (Coopers & Lybrand), London
Ringham P.M. (Coopers & Lybrand), London
Roback J.N. (Fisher H.W. & Company), London
Roberts A.M. (Price Waterhouse), London
Roberts C.D. (Menzies), Walton-On-Thames
Roberts F.K. (KPMG Peat Marwick), Truro
Roberts J. (Price Waterhouse), Redhill
Roberts J.R.F. (Coopers & Lybrand), London
Roberts P.J. (Touche Ross & Co.), Liverpool
Roberts S. (Nyman Libson Paul), London
Roberts T.A. (Grant Thornton), Liverpool
Robertson C.L. (Price Waterhouse), London
Robertson J.H. (Touche Ross & Co.), London
Robertson P.T. (Coopers & Lybrand), Swansea
Robins T.L. (KPMG Peat Marwick), London
Robinson J.I. (Price Waterhouse), Leeds
Robinson N.F. (KPMG Peat Marwick), Preston
Rochow P. (Kingston Smith), London
Rockett S.L. (Hazlewoods), Cheltenham
Rodrigues E.C.X. (Coopers & Lybrand), London
Rogers P.T. (Ernst & Young), Bristol
Rook F.M. (BDO Binder Hamlyn), London
Rooke J.M. (Kilby, Fox & Co.), Northampton
Rookes P.D. (Watson Wood), Bradford
Rooum C.K. (Price Waterhouse), Windsor
Rose K.M. (Kidsons Impey), Manchester
Rose R.A. (Ernst & Young), Nottingham
Roskell I.D. (Ernst & Young), Southampton
Ross D.J.M. (Grant Thornton), Farnham
Rossollin F. (Clark Whitehill), London
Rothenberg S.D. (KPMG Peat Marwick), London
Rowland V. (Hugill & Co), Waltham Cross
Roy G.A. (BDO Binder Hamlyn), Newbury
Royston D.C.S. (Coopers & Lybrand), Newcastle Upon Tyne
Royston K.L. (Price Waterhouse), Newcastle Upon Tyne
Ruck C.E. (Ernst & Young), Bristol
Rudkin J.G. (Stoy Hayward), London
Rudolph G.R.G. (Price Waterhouse), London
Ruiz G.W. (Clark Whitehill), London
Rumble J.M. (Price Waterhouse), London
Rushton S.M. (Blease Lloyd), London
Russell D.E. (Coopers & Lybrand), London
Russell J.A. (Price Waterhouse), London
Russell J.L. (Ernst & Young), Reading
Rusted R.M. (Larking Gowen), Norwich
Ryan D.J.P. (Coopers & Lybrand), Cambridge
Ryder O.J. (Price Waterhouse), London
Rylett C.L. (Coopers & Lybrand), Sheffield

S

Sadler C.R. (Straughan J.N. & Co), Washington
Saleem U. (Auerbach Hope), London
Salisbury K.W. (Arthur Andersen), Manchester
Salmon G.P. (Ernst & Young), London
Salter J.C. (Ernst & Young), London
Samet H.R.G. (Stoy Hayward), London
Samson A.H. (Dixon Wilson), London
Sanderson R.D. (Coopers & Lybrand), London
Sandford C.M. (Touche Ross & Co.), Nottingham
Sandhu H.B. (Price Waterhouse), Leeds
Sandhu J. (KPMG Peat Marwick), Reading
Sanghrajka S. (Ernst & Young), London
Sansbury I.D. (Coopers & Lybrand), London
Sant H.K. (Arthur Andersen), Cambridge
Sardar S. (KPMG Peat Marwick), Stoke-On-Trent
Sargent A. (Arthur Andersen), Nottingham
Sarkar B. (Baker Tilly), London
Saunders G.R. (Coopers & Lybrand), London
Saunter M.P. (KPMG Peat Marwick), London
Sawyer M.A. (Smith & Williamson), Guildford
Say K. (Touche Ross & Co.), London
Sayers I.R. (Ernst & Young), London
Schilizzi S.J. (Wilder Coe), London
Schneider D.R. (Stoy Hayward), London
Scholefield R. (Coopers & Lybrand), London
Scoffield I.M. (Stoy Hayward), London
Scott C.C. (KPMG Peat Marwick), London
Scott M. (Chantrey Vellacott), London
Scott M.J. (Auckland Goddard Hampson & Swain), Slough
Scriven J.R. (KPMG Peat Marwick), Nottingham
Searle W.R. (Stoy Hayward), Nottingham
Sedani N. (KPMG Peat Marwick), Leicester
Seery J.P. (Coopers & Lybrand), Jersey
Selby D. (Stoy Hayward), Wembley
Sellis M. (Touche Ross & Co.), Manchester
Semple F.M. (Kidsons Impey), Hove
Setchell R.W. (BDO Binder Hamlyn), Newbury
Sethi S. (KPMG Peat Marwick), London
Sewell A.W. (Reads & Co), London
Sewell E.J. (KPMG Peat Marwick), St. Albans
Shadbolt V.R. (Wenham Major), Birmingham
Shah B. (Arthur Andersen), London
Shah B.A. (Price Waterhouse), London
Shah H.M. (Ernst & Young), London
Shah I.H. (Neville Russell), Ilford
Shah I.U. (KPMG Peat Marwick), London
Shah K. (Price Waterhouse), London
Shah K.N. (Stephens F.W. & Co), London
Shah L. (Leftley, Rowe & Co.), Kenton
Shah N.R. (Arthur Andersen), London
Shah R.K. (KPMG Peat Marwick), London
Shah R.L. (KPMG Peat Marwick), London
Shah S. (BDO Binder Hamlyn), London
Shah S. (Touche Ross & Co.), London
Shah S.R. (Leftley, Rowe & Co.), Kenton
Sharifi A.A. (Arthur Andersen), Manchester
Sharman C. (Coopers & Lybrand), London
Sharman R.P. (Shelley Simmons Pinnick & Co), London
Sharp C. (Clark Whitehill), London
Sharrock D.M. (Ernst & Young), Manchester
Shaw H.B. (Lishman, Sidwell, Campbell & Price), Harrogate
Shaw P.A. (BDO Binder Hamlyn), London
Shaw R.A. (ABH Partnership Ltd), Birmingham
Sheaky F. (Conradi Morrison & Co), London
Shepherd M.G. (Spevack Simon), Surbiton
Shepherd N.J. (KPMG Peat Marwick), Sheffield
Sherwood P.A. (KPMG Peat Marwick), London
Shillito R.J. (KPMG Peat Marwick), London
Siddiqi N.I. (KPMG Peat Marwick), London
Sidhar R. (Coopers & Lybrand), London
Silins A.E. (Coopers & Lybrand), Northampton
Silver R.A. (Coopers & Lybrand), Uxbridge
Simmons J. (Coopers & Lybrand), London
Simms A.J. (Hilton, Sharp & Clarke), Brighton
Simpson J.E. (Grant Thornton), Petersfield
Simpson K.N. (Ernst & Young), Exeter
Simpson L.J. (Pannell Kerr Forster), London
Simpson P.S. (Price Waterhouse), Hull
Simpson S.C. (Arthur Andersen), Manchester
Sims J.A. (Ernst & Young), Leeds
Singh A.V. (Kidsons Impey), London
Sinha J. (Price Waterhouse), Cardiff
Skerritt G.J. (Littlejohn Frazer), London
Skidmore J.P. (Coopers & Lybrand), Reading
Skinner A.M.G. (Lovewell Blake), Norwich
Skinner M.R. (Coopers & Lybrand), London
Slade E.A.S. (Barnes Roffe), London
Slater S.F. (Ernst & Young), Manchester
Sleath C.S. (MacIntyre Hudson), London
Sleightholme I.C.W. (Nash Broad Wesson), London
Sloan J.A. (Arthur Andersen), Cambridge
Smales D.A. (Coopers & Lybrand), Leeds
Smart R.M. (Stoy Hayward), London
Smedley D. (Price Waterhouse), Manchester
Smeed A.L. (Price Waterhouse), Leeds
Smeeton N.D. (Stoy Hayward), London
Smith A.B. (Jolliffe Cork), Wakefield
Smith A.C. (Coopers & Lybrand), Reading
Smith A.M. (KPMG Peat Marwick), Norwich
Smith C.R. (Maynard Heady), Canvey Island
Smith D.R. (Price Waterhouse), Redhill
Smith H.J. (KPMG Peat Marwick), Swindon
Smith H.J. (KPMG Peat Marwick), Milton Keynes
Smith M.A. (Ernst & Young), Newcastle Upon Tyne
Smith M.A. (Price Waterhouse), Leeds
Smith M.A.A. (KPMG Peat Marwick), Manchester
Smith M.D. (Arthur Andersen), Manchester
Smith M.J. (KPMG Peat Marwick), Preston
Smith N.P. (Clark Whitehill), London
Smith N.P. (Griffith & Miles), Swansea
Smith P.D. (Price Waterhouse), Windsor
Smith P.J. (Coopers & Lybrand), Birmingham
Smith P.R.M. (KPMG Peat Marwick), London
Smith S.J.H. (KPMG Peat Marwick), Ipswich
Smith S.K. (KPMG Peat Marwick), Manchester
Smithson A.K. (Wheawill & Sudworth), London
Snell E.M. (Ernst & Young), London
Snyder H.L. (Kidsons Impey), Manchester
So S. (Price Waterhouse), London
Solomon R.G. (Touche Ross & Co.), London
Soneji J.K.D. (McBrides), Sidcup
Soni K. (Coopers & Lybrand), London
Sorby R. (KPMG Peat Marwick), Douglas
Southgate C.E. (Coopers & Lybrand), Milton Keynes
Sparks J. (Price Waterhouse), Bristol
Speed J. (Coopers & Lybrand), Manchester
Spencer P.M. (Ernst & Young), Leicester
Spicer A.N. (Price Waterhouse), Manchester
Spight J.P.W. (Arthur Andersen), Reading
Spooner J.M. (Grant Thornton), Bradford
Stacey M.E. (KPMG Peat Marwick), Southampton
Stanbury D.J. (Barrow, Bartlett & Stanbury), Barnstaple
Standen H. (Coopers & Lybrand), Manchester
Staniland M. (Barber, Harrison & Platt), Sheffield
Stanley W.E. (Price Waterhouse), Hull
Stanlick D.J. (Callingham Crane), Leatherhead
Stannett D.W. (Barnes Roffe), Dartford
Stanton D.M. (Price Waterhouse), London
Stanwix P.S. (Stoy Hayward), London
Steele H.J. (Coopers & Lybrand), Cambridge
Steeples P.M. (Arthur Andersen), Nottingham
Stembridge J.A. (Pannell Kerr Forster), Cardiff
Stenning W.N. (KPMG Peat Marwick), Southampton
Stephen R.J. (Guilfoyle, Sage & Co), Newport
Stephens J.D. (Coopers & Lybrand), Northampton
Stephenson J.M. (Stoy Hayward), London
Stevens I.H. (KPMG Peat Marwick), Reading
Stevenson N.R. (Pannell Kerr Forster), Nottingham
Steward J. (Coopers & Lybrand), Cambridge
Stewart C.J. (KPMG Peat Marwick), Birmingham
Stewart C.M. (Ernst & Young), Reading
Stewart J.A. (Arthur Andersen), London
Stewart M.J. (Price Waterhouse), Redhill
Stillwell G.S. (Blakemores), London
Stilwell M.A. (Price Waterhouse), Redhill
Stitcher R.A. (Price Waterhouse), St. Albans
Stobart N.J. (Ernst & Young), Leeds
Stokes A.J. (Ernst & Young), Luton
Stokes M.P. (Price Waterhouse), Jersey
Stokes S.A. (Casson Beckman), London
Stone L. (Price Waterhouse), Windsor
Stone S.J. (KPMG Peat Marwick), Nottingham
Stones J.R. (Duncan & Toplis), Boston
Stopnikov I.B. (Coopers & Lybrand), Maidstone
Street M.J. (KPMG Peat Marwick), London
Strevens A.C. (KPMG Peat Marwick), Southampton
Stuart-Mills J.E. (Coopers & Lybrand), London
Sturt-Hammond D.W. (Ernst & Young), Cambridge
Suarez R. (KPMG Peat Marwick), Birmingham
Subhan N. (Ernst & Young), London
Sud M. (Kidsons Impey), London
Sullivan C.T. (Ernst & Young), Birmingham
Sultan A. (BDO Binder Hamlyn), Manchester
Sumbler J.M. (Coopers & Lybrand), Leeds
Summerfield T.H. (Knight Arnold Wall), Nuneaton
Sumner A.J. (Malthouse & Co), Liverpool
Supeda V.N. (KPMG Peat Marwick), Leicester
Suri I.S. (KPMG Peat Marwick), London
Sutton L.M. (Coopers & Lybrand), Uxbridge
Sutton M.A.J. (Touche Ross & Co.), London
Swaffield J.E. (Price Waterhouse), Birmingham
Swallow M.F. (KPMG Peat Marwick), Bristol
Swede A.D. (Guild, Appleton & Co), Liverpool
Sweet M.J. (Coopers & Lybrand), Portsmouth
Swift A.G. (Buzzacott & Co), London
Swinburn K.S. (Barber, Harrison & Platt), Sheffield
Sykes C.V. (Ernst & Young), Birmingham
Sykes T.J. (KPMG Peat Marwick), Huddersfield
Syme J.W. (KPMG Peat Marwick), London
Symes C.A. (Price Waterhouse), London
Symonds M. (Price Waterhouse), London

T

Tait C.S. (Duncan Sheard Glass), Liverpool
Tait J.A.L. (KPMG Peat Marwick), Ipswich
Tait S.J. (Price Waterhouse), London
Takhar K.S. (Coopers & Lybrand), London
Tamplin C.D. (Hazlewoods), Cheltenham
Tams J.D. (Touche Ross & Co.), London
Tan F.W. (Touche Ross & Co.), Birmingham
Tan P.S. (Ernst & Young), London
Tanner E.A. (Ernst & Young), Ipswich
Tarron L.N. (KPMG Peat Marwick), London
Tarsky S.E. (Francis Clark), Plymouth
Tasch J. (Ernst & Young), London
Tate C.S. (Arthur Andersen), London
Tate M. (Arthur Andersen), London
Tattum S.R. (Touche Ross & Co.), Liverpool
Tatum Z.E. (Larking Gowen), Norwich
Taukoordass U. (Price Waterhouse), London
Tavitian A. (Coopers & Lybrand), Maidstone
Tayler C.R. (Price Waterhouse), Windsor
Taylor F.M. (Ernst & Young), London
Taylor G.J. (Price Waterhouse), Nottingham
Taylor J.M. (KPMG Peat Marwick), Reading
Taylor M.E. (Coopers & Lybrand), London
Taylor P.D. (Coopers & Lybrand), Sheffield
Taylor P.M. (Price Waterhouse), London
Teasdale H.M. (Coopers & Lybrand), Uxbridge
Telford R.M. (Hughes Allen), London
Tennant A.G. (Barsham, Bradford & Hamilton), London
Tenner B.T. (Price Waterhouse), London
Thacker M. (Ernst & Young), London
Thake J.A. (KPMG Peat Marwick), Guildford
Thame J.R.S. (Ellacott, Stranks & Co), Banbury
Thomas A.C. (Arthur Andersen), Leeds
Thomas D.L. (Coopers & Lybrand), Manchester
Thomas G.D. (Stoy Hayward), Bromley
Thomas J.J. (BDO Binder Hamlyn), London
Thomas N.E. (KPMG Peat Marwick), London
Thompson A.J. (Haines Watts), Newcastle Upon Tyne
Thompson A.T. (KPMG Peat Marwick), St. Albans
Thompson I. (Saint & Co.), Carlisle
Thompson I.W. (Touche Ross & Co.), London
Thompson J. (Ensors), Ipswich
Thompson S.J. (Morley & Scott), London
Thomson C.L. (Touche Ross & Co.), Newcastle Upon Tyne
Thorne S. (Francis Clark), Exeter
Thornewill R.L. (Price Waterhouse), Southampton
Thorpe M.C. (Gibson Wilkinson), Barnsley
Threadkell R.E. (Hazlewoods), Cheltenham
Thum W.K. (Graham Cohen & Co.), Croydon
Thumbi J.G. (Ernst & Young), London
Tierney R.M. (Gary Sargeant & Co), Swanley
Tilbrook C.J. (Coopers & Lybrand), Milton Keynes
Tilly J.A. (Arthur Andersen), London
Tilt J.R. (Latham Crossley & Davis), Chorley
Tindale S.E. (Ernst & Young), Newcastle Upon Tyne
Tinker N.J. (Price Waterhouse), Leeds
Tobin I.J. (KPMG Peat Marwick), Crawley
Tolcher R.J. (Touche Ross & Co.), Cardiff
Tomkins S.A. (Arthur Andersen), London
Tomlinson A.J. (Neville Russell), Dudley
Tomlinson M.D. (Firth Parish), Bradford
Tomlinson S. (Barber, Harrison & Platt), Sheffield
Tompkinson J.M. (KPMG Peat Marwick), Basingstoke
Tooley R.A. (Coopers & Lybrand), Portsmouth
Tornero L.B.M. (KPMG Peat Marwick), London
Touche P.F. (Touche Ross & Co.), London
Town A.M. (Coopers & Lybrand), Newcastle Upon Tyne
Townend S.J.S. (KPMG Peat Marwick), New Street
Tracey D.J. (BDO Binder Hamlyn), Newcastle Upon Tyne
Trafford P.G. (KPMG Peat Marwick), London
Treasure G.D. (Price Waterhouse), Bristol
Tredwin R.N. (KPMG Peat Marwick), Plymouth
Trzcinski P.M. (Chantrey Vellacott), Croydon
Tserkezos D.V. (Price Waterhouse), London
Tubb S.M. (Coopers & Lybrand), Northampton
Tucker D. (Touche Ross & Co.), Jersey
Tuke C.W. (KPMG Peat Marwick), London
Tulsidas S.K.R. (Touche Ross & Co.), London
Tunney M.J. (Stoy Hayward), Ware
Tupholme A.I. (Ernst & Young), Sheffield
Turland K.J. (Dove Naish), Northampton
Turner K.S. (Coopers & Lybrand), Manchester
Turner M. (Price Waterhouse), Manchester
Turner N.M. (Hobson, Phillips & Sharpe), Nottingham
Turner P.W. (Coopers & Lybrand), London
Turner S.A. (Dutton Moore Atkin Gilbert), Hull
Turner S.C. (Arthur Andersen), Bristol
Turner S.P. (Coopers & Lybrand), Southampton
Tyler D.S. (KPMG Peat Marwick), London

U

Unsworth J.R.M. (Clark Whitehill), Douglas
Unsworth N.D. (Ernst & Young), Manchester
Unwin N.J. (Goldwyns), London
Upstone H.D. (Baker Tilly), Watford
Urquhart M.P. (Davison & Shingleton), London
Urquhart-Woodward R.M. (KPMG Peat Marwick), Swindon
Urry S.J. (Price Waterhouse), Birmingham

V

Vachhani M.K. (KPMG Peat Marwick), London
Vaithianathan D. (Coopers & Lybrand), London
Van Ryneveld E.M. (Coopers & Lybrand), Plymouth
Varley D. (Coopers & Lybrand), Leeds
Venkatasawmy S. (Everett & Son), London
Versluys R.L. (Ernst & Young), London
Viggars J.G. (Smith & Williamson), London
Viner A.S. (KPMG Peat Marwick), London
Viney D.V.S. (Price Waterhouse), London
Viney M.E. (Coopers & Lybrand), Gloucester
Virdi R.S. (Grant Thornton), London
Vohra A. (Ernst & Young), London
Vyas D. (Hawsons), Northampton

W

Waddingham A. (KPMG Peat Marwick), Preston
Wade D.J. (Morley & Scott), London
Wainwright R.I. (KPMG Peat Marwick), Crawley
Waldman S. (Price Waterhouse), London
Waldron C.J. (Ernst & Young), London
Walker A.S.J. (Baker Tilly), Watford
Walker G.R. (Touche Ross & Co.), London
Walker J. (Touche Ross & Co.), London
Walker P. (Coopers & Lybrand), Northampton
Walker S. (Robert Taylor Associates), London
Wallace D.C. (Touche Ross & Co.), Cardiff
Wallis S. (Ernst & Young), London
Walmsley B.W. (Coopers & Lybrand), London
Walters J.A. (Ellacott, Stranks & Co), Banbury
Walters M. (Burgess Hodgson), Canterbury
Walton A. (Ernst & Young), London
Walton A.J. (Coopers & Lybrand), Reading
Warburton C.S. (Grant Thornton), Birmingham
Ward A.S. (KPMG Peat Marwick), Birmingham
Ward C.E. (Ernst & Young), Hull
Ward P.M. (Hopper, Williams & Bell), Southampton
Wardle A.S. (Arthur Andersen), London
Ware A. (Coopers & Lybrand), Leeds
Ware M.J. (Arthur Andersen), London
Waring-Mundy L.C. (Ernst & Young), London
Warnah M.H. (Pannell Kerr Forster), Liverpool
Warrick M.R. (Grant Thornton), Bedford
Watkins D.O. (Coopers & Lybrand), Birmingham
Watson F.W. (KPMG Peat Marwick), Darlington
Watts H.E. (Moores Rowland), Reading
Waudby S.L. (Stoy Hayward), London
Weaver A.J. (Ernst & Young), London
Webster I.S. (Larking Gowen), Diss
Webster J.E. (Cooper Lancaster Brewers), Lancaster
Webster J.H. (Touche Ross & Co.), London
Weech C.E. (KPMG Peat Marwick), Leeds
Welsby G.M. (BDO Binder Hamlyn), Manchester
West C.G. (Arthur Andersen), London
West I.D. (Neville Russell), Luton
West J.A. (Pannell Kerr Forster), London
West J.M. (Kidsons Impey), London
West S. (Cooper Lancaster Brewers), London
Wharton S.J. (Blinkhorns), London
Whatmuff R.N. (BDO Binder Hamlyn), Manchester
Whitaker A. (Coopers & Lybrand), Leeds
White A.J. (Touche Ross & Co.), London
White R.P. (Newby Castleman), Leicester
White V. (Pannell Kerr Forster), Nottingham
Whitehead B. (Arthur Andersen), London
Whitehouse G.C. (Clement Keys), Birmingham
Whiter B.J.W. (Coopers & Lybrand), London
Whittaker A.C. (Touche Ross & Co.), London
Whittaker J. (Coombes Wales Quinnell), London
Whittaker J.F. (Price Waterhouse), Leeds
Whitwell O.R. (KPMG Peat Marwick), Southampton
Why C. (Barron Rowles Bass), Egham
Wickens B.J. (Price Waterhouse), London
Widdas R. (KPMG Peat Marwick), Birmingham
Wilcock D.I. (Coopers & Lybrand), Manchester
Wilcock M.C. (Watson Wood), Bradford
Wiles D.J. (Ernst & Young), Luton
Wilkins R.J. (Grant Thornton), High Wycombe
Wilkins S.C. (Ernst & Young), Newcastle Upon Tyne
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Wilkinson J.F. (Beavis Walker), London
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Wilkinson M.H. (Arthur Andersen), Reading
Wilkinson R.E. (Touche Ross & Co.), Bristol
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Williams S.J. (Ernst & Young), London
Willis G.A. (Solomon Hare), Bristol
Willock T.M. (KPMG Peat Marwick), Exeter
Willott N.C. (Touche Ross & Co.), Cambridge
Willson S.J. (Winter Rule), Truro
Wilshaw A.G. (Dean Statham), Newcastle
Wilson D.J. (Coopers & Lybrand), Manchester
Wilson J.A. (Ernst & Young), London
Wilson J.R. (KPMG Peat Marwick), Northampton
Wilson L.K. (Gordon Wood, Scott & Partners), Bristol
Wilson M. (Barber, Harrison & Platt), Sheffield
Wilson S.G. (KPMG Peat Marwick), Birmingham
Wilson T. (Coopers & Lybrand), Reading
Windass K.E. (Kidsons Impey), Manchester
Winters S.R. (Coopers & Lybrand), London
Wise D.M. (KPMG Peat Marwick), Reading
Wiseman A.J. (Dobkin, Northover), Winchester
Withers J. (Touche Ross & Co.), Birmingham
Wolkind I. (Nash Broad Wesson), London
Wolstenholme K.A. (Price Waterhouse), London
Wong C.M. (Ernst & Young), Luton
Wong E.C.Y. (KPMG Peat Marwick), Cambridge
Wong M.O. (Ernst & Young), London
Wong S.B. (Blick Rothenberg), London
Woo D.K.C. (Moore Stephens), London
Wood A.S. (KPMG Peat Marwick), Manchester
Wood H.L. (Barber, Harrison & Platt), Sheffield
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Wood J.M. (Coopers & Lybrand), Manchester
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Wood L.A. (Ernst & Young), London
Wood M. (Coopers & Lybrand), Manchester
Wood M.C. (Moore Stephens), London
Woodcock T.D. (Coopers & Lybrand), London
Woods D.J. (Spain Brothers & Co), Tunbridge Wells
Woods I.K. (Coopers & Lybrand), London
Woods K.L. (Price Waterhouse), Hull
Woolley G.L. (Price Waterhouse), Liverpool
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Wormald A. (Fords), Stockport
Worton G.A. (Heaven & Co), Birmingham
Wragg P.S. (Grant Thornton), Portsmouth
Wrench R.W. (Ernst & Young), Luton
Wright A.P. (Lenan, Hill & Hilton), Nottingham
Wright C.N. (Coopers & Lybrand), Northampton
Wright C.R. (Stoy Hayward), Birmingham
Wright S.A. (Mark J. Rees), Leicester
Wyatt M.J. (Ernst & Young), Manchester

X, Y, Z

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Yap E.S.E. (KPMG Peat Marwick), Leeds
Yasin M. (Hugill & Co), Waltham Cross
Yasin W. (Arthur Andersen), Manchester
Yates K.A. (Grant Thornton), Coventry
Yau L.W.K. (Arthur Andersen), London
Yerassimou N.A. (KPMG Peat Marwick), London
Yeung W.L. (Coopers & Lybrand), London
Young A.J. (BDO Binder Hamlyn), Poole
Young A.J. (MacIntyre Hudson), Peterborough
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Yuill A.J. (Coopers & Lybrand), Norwich
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Zein-Iddin R.F. (Price Waterhouse), Windsor
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Tatsuko Dawes
Financial Times Ltd.
Number One Southwark Bridge,
London SE1 9HL,
England
TEL: +44 71 873 3260
FAX: +44 71 873 3595